

Item 1 - Cover Page

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Date of Brochure: March 31, 2011

This brochure provides information about the qualifications and business practices of Nelson-Van Denburg & Associates, LLC. If you have any questions about the contents of this brochure, please contact us at (402) 218-4064. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Nelson-Van Denburg & Associates, LLC is also available on the Internet at www.adviserinfo.sec.gov. You can view information on this website by searching for Nelson-Van Denburg & Associates, LLC's name or by using its CRD number: 148674.

*Registration as an investment advisor does not imply a certain level of skill or training.

Item 2 – Material Changes

On July 28, 2010, the United States Securities and Exchange Commission (SEC) published “Amendments to Form ADV” which amended the disclosure document provided to clients as required by SEC and state rules. This Disclosure Brochure, dated March 2011, is a new document prepared according to new SEC and state requirements and rules. As such, this document is materially different in structure and requires certain new information that the previous Form ADV Part II and Schedule F for Nelson-Van Denburg & Associates, LLC did not require. In the future, this item will discuss only specific material changes that are made to the Disclosure Brochure and provide readers with a summary of such changes. Nelson-Van Denburg & Associates, LLC will also reference the date of its last annual update of the brochure.

In the past, Nelson-Van Denburg & Associates, LLC has offered or delivered information about the firm’s qualifications and business practices to clients on at least an annual basis. Pursuant to new rules, the firm will ensure that clients receive a summary of any material changes to this and subsequent Disclosure Brochures within 120 days after the firm’s fiscal year end—December 31. This means clients will receive the summary of material changes no later than April 30 each year. At that time, Nelson-Van Denburg & Associates, LLC will also offer a copy of its most current Disclosure Brochure and may also provide other ongoing disclosure information about material changes as necessary.

Clients and prospective clients can always receive the most current Disclosure Brochure for Nelson-Van Denburg & Associates, LLC at any time by contacting Suzette Perry at (402) 218-4064.

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Item 4 – Advisory Business

Ownership

Nelson-Van Denburg & Associates, LLC (“Advisor” or “we”) is an investment advisor registered with the U.S. Securities and Exchange Commission since December 4, 2008. We are a limited liability company formed under the laws of the State of Nebraska. Our owners are Kent E. Nelson and Burton L. Van Denburg.

General Description of Primary Advisory Services

We offer financial planning, investment management and investment consulting services. The following are brief descriptions of our primary services. A detailed description is provided in **Item 5, Fees and Compensation**, so that clients and prospective clients (“client,” “clients” or “you”) can review the services and description of fees more thoroughly.

Financial Planning

Financial planning can be described as a process designed to help individuals achieve their financial goals. It generally consists of six steps:

1. Establish and define the client-planner relationship
2. Gather client data
3. Analyze and evaluate the clients current financial situation
4. Develop and present financial recommendations and alternatives
5. Set and implement strategies
6. Monitor the financial planning recommendations

Comprehensive financial planning typically encompasses asset and liability management, cash flow assessment, risk management, retirement and investment strategies, estate and survivor planning, education planning, and tax planning.

Our role as a financial planning firm is to understand our clients goals, situation, and feelings and manage the financial planning process to help them achieve their goals.

Investment Management Services

We offer investment management services providing clients with continuous and on-going supervision over their accounts. This means that we continuously monitor a client’s account and make trades in that account when necessary.

Investment Consulting Services

Not all our clients desire comprehensive financial planning or active investment management. Some prefer to manage and monitor their investments themselves but may wish to periodically consult with an investment or financial planning professional. For those clients, we offer an investment consultative relationship.

Limits Advice to Certain Types of Investments.

We limit our investment advice to the following types of investments:

- Exchange-listed securities

- Securities traded over-the-counter
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable annuities
- Mutual fund shares
- Exchange traded funds
- United States government securities

We also offer advice about any type of investment held in a portfolio at the beginning of the advisory relationship.

Tailor Advisor Services to Individual Needs of Clients

Our services are always provided based on the specific needs of the individual client. Clients are given the ability to impose restrictions on their accounts, including specific investment selections and sectors. However, we will not enter into an investment advisor relationship with a client whose investment objectives may be considered incompatible with our investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

Wrap-Fee Program versus Portfolio Management Program

In traditional management programs, advisory services are provided for a fee but transaction services are billed separately on a per-transaction basis. In wrap-fee programs, advisory services and transaction services are provided for one fee. We do not act as a portfolio manager of or sponsor any wrap fee programs.

Client Assets Managed by Advisor

The amount of clients assets managed by us totaled \$57,372,670 as of December 31, 2010, with \$51,171,682 managed on a discretionary basis and \$6,200,988 managed on a non-discretionary basis.

Item 5 – Fees and Compensation

In addition to the information provide in **Item 4, Advisory Business**, this section provides details regarding our services along with descriptions of each service's fees and compensation arrangements.

Investment Management Services

We offer a variety of investment management services that are based on your individual needs, goals and objectives. We offer a customized and individualized investment program providing you with advice regarding allocation among various asset classes, ongoing assistance with evaluating and selecting investments and adjusting and rebalancing portfolios. We request that you notify us if there is ever a change in your financial situation or investment objectives so that we can review, evaluate and/or revise any prior recommendations made or services provided.

We recommend that your assets be maintained in a brokerage account with Charles Schwab Institutional, a division of Charles Schwab & Co., Inc. (Charles Schwab), a registered broker/dealer and member SIPC. You are free to select any account custodian you wish. However, if you wish to provide us with trading authorization on assets we manage, you are required to establish an account and maintain those assets

at Charles Schwab. (See **Item 12, Brokerage Practices**, for additional discussion on our recommendation and use of Charles Schwab.)

We assist you in establishing a managed account(s) through Charles Schwab or another qualified custodian selected by you. There is a \$250,000 minimum to establish a managed account. However, we may grant exceptions in certain circumstances (i.e., a family member of an existing client, emerging professionals, anticipated financial events increasing assets, etc.). In addition, you can bundle household accounts in order to reach the minimum requirement. Charles Schwab or another qualified custodian will maintain custody of all your funds and securities. We will not act as custodian and will never have direct access to your funds and securities other than to have advisory fees deducted from your account with your prior written authorization.

We are granted trading authorization on your accounts and provide investment management services on either a discretionary or non-discretionary basis. On a discretionary basis, we make all decisions to buy, sell or hold securities, cash or other investments in the managed account in our sole discretion without consulting with you before making any transactions. You must provide us with written authorization to exercise this discretionary authority. You can place reasonable restrictions and limitations on the discretionary authority and can modify or revoke the authority at any time. If we provide investment management services on a non-discretionary basis, we will always contact you before implementing any transactions in an account. See **Item 16, Investment Discretion**, for additional discussion on discretionary and non-discretionary authority.

We also offer non-discretionary investment management services relative to variable life/annuity products that you may own or on your individual employer-sponsored retirement plan. When providing these services, we recommend the allocation of your assets among the various mutual fund sub-divisions comprising the variable life/annuity product or the retirement plan. Your assets are maintained at either the specific insurance company that issued the variable life/annuity product or at the custodian designated by the sponsor of your employer's retirement plan. We do not act as custodian for any of your accounts.

Fees for investment management services are charged as an annual percentage of assets under management. Our management fee does not exceed 1.25% annually:

| <u>Portfolio Value</u> | <u>Annual Fee</u> |
|---------------------------|-------------------|
| Up to \$1,000,000 | 1.25% |
| \$1,000,001 - \$2,500,000 | 1.00% |
| \$2,500,001 - \$5,000,000 | 0.75% |
| Above \$5,000,001 | 0.60% |

All management fees are negotiable based on the actual account value and additional anticipated deposits, account composition, relationship with client, account retention and pro bono activities. Consequently, the annual fee charged by one representative may be different than the annual fee charged by another representative. The exact annual fee charged will be disclosed to and agreed to by you prior to any services being provided. Fees are not based on capital gains or capital appreciation of the assets in your account. We will not increase advisory fees charged without notifying you in advance and you may be requested to sign a new client agreement. If you have a High Yield Checking Account (an all cash account), we exclude this from fee calculations.

Fees are billed quarterly in advance and calculated based on the market value of the assets in the managed account on the last day of the previous quarter. For the initial quarter, fees are calculated on a prorated basis based on the number of days the account was open in that initial quarter. You can make additions to and withdrawals from your account at any time, subject to our right to terminate an account. Additions may be in cash or securities provided that we reserve the right to liquidate any transferred securities or decline to accept particular securities into your account. We will consult with you about the

options and ramifications of transferring securities. If you liquidate securities you may be charged transaction fees and contingent deferred sales charges (by the mutual fund or exchange traded fund) and you may also face tax ramifications. If you do deposit or withdraw funds after a new billing quarter has begun, our advisory fee will not be adjusted or prorated based on the number of days remaining in that quarter. If you withdraw funds, you are subject to any securities settlement procedures the custodian imposes. We design portfolios as long-term investments and withdrawals may impair the ability to achieve your investment objectives.

Fees are automatically deducted from an account you designate and paid directly to us by the account custodian. You are required to provide the account custodian with written authorization to have the fees deducted from the account and paid directly to us. If there is not a cash position sufficient to cover fees, then assets are sold to cover the fee charged.

Charles Schwab generally does not charge separately for maintaining custody of client accounts, but other qualified custodians you select may charge a separate custody fee. Account custodians may charge brokerage commissions and/or transaction fees directly to you as well. We do not receive any portion of the commission or fees from either the custodian or from you. In addition, you may incur certain charges imposed by third parties other than us in connection with investments made through the client's account. These charges may include, but are not limited to:

- Charges imposed directly by a mutual fund, index fund or exchange traded fund purchased for your account and disclosed in the prospectus (e.g., fund management fees and other expenses)
- Fees imposed by variable annuity providers and disclosed in the annuity contract
- Certain deferred sales charges
- Odd-lot differentials
- Transfer taxes
- Wire transfer and electronic fund fees
- Other fees and taxes on brokerage accounts and securities transactions.

The management fees we charge are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to you.

Investment management services are for a one year period but automatically renew on the anniversary date unless terminated sooner by the parties. Either of us can terminate services at any time by providing written notice to the other party. Termination is effective on the date all assets are transferred out of the Charles Schwab account. If services are terminated within five business days of signing the client agreement, services are terminated without penalty and you receive a full refund of prepaid fees. If services are terminated after the initial five business day period, we charge a prorated fee based on the number of days that services were provided prior to receipt of the termination notice. You receive a statement from your account custodian detailing account activity, including advisory fees charged and adjustments to those charges.

Financial Planning Services

We provide financial planning services by offering analyses and recommendations in areas including, but not limited to:

- Personal planning (family records, budgets, personal liability, etc.)
- Cash flow and management
- Retirement planning
- Business retirement account planning
- Estate planning
- Education planning
- Tax planning

- Risk management
- Insurance analysis
- Investment analysis
- Benefit plans
- Disability and long term care
- Stock option analysis

Our services do not include legal or tax advice. Our investment advisor representatives (“representatives”) meet with you to gather information and documentation needed to perform an analysis and review of your situation as well as your objectives and goals. One or more meetings may be required in order to gather all needed information and determine the services best suited to help meet your needs. We rely on the information provided by you. Therefore, it is very important that the information you provide is complete and accurate. We are not responsible for verifying the information supplied by you or your other professional consultants (i.e., attorney, accountant, etc.). We urge you to work closely with your attorney, accountant or other professionals regarding your financial and personal situation. We also request that you notify us if there is ever a change in your financial situation or investment objectives so that we can review, evaluate and/or revise any prior recommendations made or services provided.

After completing a review and analysis of the information and documents received, our representatives develop their analyses and recommendations and present a written or oral report that can be either comprehensive or modular (segmented). A comprehensive plan focuses on your overall financial situation and covers several of the areas previously noted, as needed by your specific situation. A modular (segmented) plan focuses only on one or more specific areas of concern to you, and you should be aware that other important issues may not be taken into consideration when our representatives develop their analyses and recommendations. Our recommendations are not limited to any specific product or service offered by the financial services industry.

Separate and distinct financial plans are billed as a fixed fee, with a maximum charge of \$2,500. If you also contract for our investment management services, you receive financial planning services at no charge. If you contract for financial planning services only, there is a minimum fee of \$1,000. Fees are negotiable based on the actual services provided and the complexity of your financial situation. Our representatives inform you of the fee prior to any services being provided. One-half of the quoted fee is due at the time the client agreement is signed and the remainder due upon presentation of the requested plan.

If you elect to implement our recommendations and establish an investment management account (as discussed later in this brochure), we will receive ongoing advisory fees. In this event, we may waive or reduce the amount of the financial planning fee because of the ongoing fees earned. We disclose any reductions to financial planning fees due to receipt of additional advisory fees before any additional services are contracted for.

Separate and distinct financial planning services terminate upon presentation of the requested plan. However, services may be terminated by either of us at any time by providing written notice to the other party. Termination is effective upon receipt of notice. If services are terminated within five business days of signing the client agreement, services are terminated without penalty and you receive a refund of all prepaid fees. After the initial five business days, you are responsible for our time and effort expended to the date of termination. Time is calculated at the rate of \$100 per hour multiplied by the number of hours spent on the services (e.g., research, data entry, assessment, strategy formulation, etc.) to the effective date of termination.

You have sole discretion about whether or not to contract for our services. In addition, you have sole discretion about whether or not to implement any financial planning recommendations made by our representatives. If you do decide to implement our recommendations, you are responsible for taking any actions or implementing any transactions required. You are free to select any broker/dealer and/or

insurance agent to implement our recommendations. Please see **Item 10, Other Financial Activities and Affiliations**, for additional discussion on this conflict of interest.

Investment Consultation Services

Investment consultation services are intended for clients who want a more “do it yourself” approach and come to us with their own ideas. If you contract for this service, we assist you in executing trades and other services that can include:

- Being available for client-initiated consultation on a daily basis
- Facilitating trades and monitoring trade execution upon your request
- Facilitating communication with your account custodian
- Meeting with you annually to reassess goals, situations, risk tolerance and review progress and performance.

Fees for these investment consultation services are billed based on a percentage of the assets involved in the consultation services. These asset-based fees range from .20 to .50% and are negotiable based on the actual account value, the account composition, our history and relationship with you, and on account retention. Fees are billed quarterly in advance and are deducted from your account. You are required to provide the account custodian with written authorization to have the fees deducted from the account and paid directly to us.

Investment consultation services are ongoing, but services may be terminated by either of us at any time by providing written notice to the other party. Termination is effective upon receipt of notice. If services are terminated within five business days of signing the client agreement, services are terminated without penalty and you receive a full refund of all prepaid fees. If services are terminated after the initial five business day period, we charge a prorated fee based on the number of days that services were provided prior to receipt of the termination notice.

Additional Compensation

You have sole discretion about whether or not to contract for our services. In addition, you have sole discretion about whether or not to implement any recommendations made by our representatives. If you do decide to implement recommendations, you are responsible for taking any actions or implementing any transactions required. You are free to select any broker/dealer and/or insurance agent to implement our recommendations.

You should be aware that some of our representatives are also registered representatives of Purshe Kaplan Sterling Investments, a registered broker/dealer. In this separate capacity, they can receive a commission for selling securities products. This is a potential conflict of interest. As a registered representative, they may sell mutual funds and receive 12(b)-1 fees in addition to commissions. The 12(b)-1 fees, named after a section of the *Investment Company Act of 1940*, are annual marketing or distribution fees and considered an operational or administrative expense. The fees are included as a part of the mutual fund's total expense ratio and paid from fund assets. Therefore, the fees come indirectly from your account. Every mutual fund prospectus includes a description of the fund's fees and expenses. Receiving 12(b)-1 fees represents an incentive for a registered representative to recommend funds with 12(b)-1 fees or with higher 12(b)-1 fees than funds with no fees or lower fees. This is also a potential conflict of interest. Our representatives will only recommend mutual funds to you if those funds are suitable for you and appropriate to help fulfill your objectives.

From time to time, we may receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing such as advertising, publishing and

seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for whom sales have been made or it is anticipated sales will be made. We endeavor at all times to put your interests first as a part of our fiduciary duty. However, you should be aware that receiving additional compensation through expense reimbursements, etc. creates a conflict of interest that may impact the judgment of our representatives when making advisory recommendations.

Comparable Services

We believe our fees for advisory services are reasonable with respect to the services provided and the fees charged by other investment advisors offering similar services. However, lower fees for comparable services may be available from other sources.

Item 6 – Performance-Based Fees and Side-By-Side Management

Performance-based fees are defined as fees based on a share of capital gains on or capital appreciation of the assets held in a client's account. We do not receive performance-based fees.

Item 7 – Types of Clients

We provide investment advice to the following types of clients.

- Individuals (including high net worth individuals)
- Banks or thrift institutions
- Pension and profit sharing plans
- Trusts, estates, or charitable organizations
- Corporations or business entities other than those listed above

Minimum Investment Amounts Required

There is a \$250,000 minimum to establish a managed account. However, we may grant exceptions in certain circumstances (i.e., a family member of an existing client, emerging professionals, anticipated financial events increasing assets, etc.). In addition, you can bundle household accounts in order to reach the minimum requirement.

If you contract for financial planning services without also contracting for asset management services, then there is a minimum \$1,000 fee.

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

Methods of Analysis

We use fundamental analysis when considering investment strategies and recommendations for clients. Fundamental analysis is a method of evaluating a company or security by attempting to measure its intrinsic value. In other words, an analyst tries to determine its true value by looking at all aspects of the business, including both tangible factors (e.g., machinery, buildings, land, etc.) and intangible factors (e.g., patents, trademarks, "brand" names, etc.). Fundamental analysis also involves examining related

economic factors (e.g., overall economy and industry conditions, etc.), financial factors (e.g., company debt, interest rates, management salaries and bonuses, etc.), qualitative factors (e.g., management expertise, industry cycles, labor relations, etc.), and quantitative factors (e.g., debt-to-equity and price-to-equity ratios).

The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). 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.

Investment Strategies

We use both long term purchases (investments held at least a year) and short term purchases (investments sold within a year) when implementing investment strategies for clients.

Risk of Loss

Investing in securities involves a risk of loss that you should be prepared to bear, including loss of original principal. However, you should be aware that past performance of any security is not necessarily indicative of future results. Therefore, no current or prospective client should assume that future performance of any specific investment or investment strategy will be profitable. We do not provide any representation or guarantee that client goals will be achieved.

Investing in securities involves risk of loss. Further, depending on the different types of investments, there may be varying degrees of risk:

- **Market Risk.** The risk that the value of an investment will decrease due to moves in market factors, resulting in a decrease in the value of client investments. This is referred to as systemic risk.
- **Equity (Stock) Market Risk.** Common stocks are susceptible to fluctuations and to volatile increases/decreases in value as their issuers' confidence in or perceptions of the market change. Investors holding common stock (or common stock equivalents) of any issuer are generally exposed to greater risk than if they hold preferred stock or debt obligations of the issuer.
- **Company Risk.** There is always a certain level of company or industry specific risk when investing in stock positions. This is referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that a company may perform poorly or that its value may be reduced based on factors specific to it or its industry (e.g., employee strike, unfavorable media attention).
- **Options Risk.** Options on securities may be subject to greater fluctuations in value than investing in the underlying securities. Purchasing and writing put or call options are highly specialized activities and involve greater than ordinary investment risk. Puts and calls are the right to sell or buy a specified amount of an underlying asset at a set price within a set time.
- **Fixed Income Risk.** Investing in bonds involves the risk that the issuer will default on the bond and be unable to make payments. In addition, individuals depending on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- **ETF and Mutual Fund Risk.** ETF and mutual fund investments bear additional expenses based on a pro-rata share of operating expenses, including potential duplication of management fees.

The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities held by the ETF or mutual fund. Clients also incur brokerage costs when purchasing ETFs.

- Management Risk. Client investments also vary with the success and failure of Advisor's investment strategies, research, analysis and determination of portfolio securities. If Advisor's strategies do not produce the expected returns, the value of a client's investments will decrease.

Primary Method of Analysis or Strategy

Our primary method of analysis or strategy is fundamental. Fundamental analysis takes a long-term approach to analyzing markets, often looking at data over a number of years. The data reviewed is released over years (e.g., quarterly financial statements). Therefore, fundamental analysis could mean a gain is not realized until a security's market price rises to its "correct" value over the long run--perhaps several years. Fundamental analysis usually involves less frequent trading practices, which could have a positive or negative impact on a client's portfolio value but likely has reduced brokerage and transaction costs.

Item 9 – Disciplinary Information

We have not had any legal or disciplinary events that are material to a client's or prospective client's evaluation of our business or the integrity of its management. Therefore, this item is not applicable to our brochure.

Item 10 – Other Financial Industry Activities and Affiliations

We do not have a related person that is:

- A broker/dealer, municipal securities dealer or government securities dealer or broker
- An 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)
- A investment adviser or financial planner
- A futures commission merchant, commodity pool operator or commodity trading advisor
- A banking or thrift institution
- Accountant or accounting firm
- A lawyer or law firm
- An insurance company or agency
- A pension consultant
- A real estate broker or dealer
- A sponsor or syndicator of limited partnerships.

We are an independent registered investment registered advisor and only provide investment advisory services. We are not engaged in any other business activities and offer no other services except those described in this Disclosure Brochure. However, while we do not sell products or services other than investment advice, our representatives may sell other products or provide services outside of their role as investment advisor representatives with us.

Securities Sales

Some of our representatives are also registered representatives of Purshe Kaplan Sterling Investments. You can engage them in this separate capacity to render securities brokerage services under a commission arrangement. Our representatives may have a financial incentive to recommend that a financial plan be implemented using a certain product or service. This is a conflict of interest because they could receive commissions in their capacity as a registered representative and could also receive advisory fees in their capacity as an investment advisor representative.

You are under no obligation to use the services of our representatives in this separate capacity or to use Purshe Kaplan Sterling Investments and can select any broker/dealer you wish to implement securities transactions. If you select our representatives to implement securities transactions in their separate capacity as registered representatives, they must use Purshe Kaplan Sterling Investments. Prior to effecting any transactions through Purshe Kaplan Sterling Investments, you are required to enter into a new account agreement with Securities America, Inc. The commissions charged by Securities America, Inc. may be higher or lower than those charged by other broker/dealers. In addition, the registered representatives may also receive additional ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that you maintain the mutual fund investment.

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

Code of Ethics

Section 204A-1 of the *Investment Advisers Act of 1940* requires all investment advisers to establish, maintain and enforce a Code of Ethics. An investment adviser is considered a fiduciary according to the *Investment Advisers Act of 1940*. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of clients at all times.

We have established a Code of Ethics that applies to all of our associated persons and sets forth the standards of conduct expected of our associated persons. The Code of Ethics requires compliance with applicable securities laws and is reasonably designed to prevent the unlawful use of material, non-public information by our access persons or any of our associated persons. The Code of Ethics also requires that our associated persons report their personal securities holdings and transactions and to obtain pre-approval of certain investments (e.g., initial public offerings and limited offerings).

Unless specifically permitted in our Code of Ethics, none of our access persons can effect for themselves or for their immediate family (e.g., spouse, minor children and adults living in the same household) any transactions in a security that is being actively purchased or sold, or being considered for purchase or sale, on your behalf.

When we are purchasing or considering the purchase of any security on your behalf, no access person can effect a transaction in that security before completing the purchase for you or until a decision has been made not to purchase that security. Similarly, when we are selling or considering selling of any security for you, no access person can effect a transaction in that security before completing the sale for you or until a decision has been made not to sell that security. These requirements are not applicable to:

- Direct obligations of the U.S. Government
- Money market instruments and other high quality short-term debt instruments, including repurchase agreements
- Shares issued by mutual funds or money market funds
- Shares issued by unit investment trusts that are invested exclusively in one or more mutual funds

If a client or a potential client wishes to review our Code of Ethics in its entirety, a copy is provided promptly upon request.

Some of our representatives are also Certified Financial Planners[™]. In addition to abiding by our Code of Ethics, those representatives also abide by the Code of Ethics and Responsibility Code of the Certified Financial Planner[™] Board of Standards, Inc. The Code of Ethics and Responsibility Code requires CFP[®] designees to not only comply with all applicable laws and regulations but to also act in an ethical and professional responsible manner in all professional services and activities. The principles guiding CFP[®] designees are:

- Integrity
- Objectivity
- Competence (in providing services and maintaining knowledge and skills to do so)
- Fairness (to clients, principals, partners and employers and disclosing any conflicts of interest in providing services)
- Confidentiality (keeping all client information confidential without the specific client consent unless in response to legal process or in defense of charges of wrongdoing or civil dispute)
- Professionalism
- Diligence

Clients can obtain a copy of the Code of Ethics and Responsibility Code by requesting a copy from one of Advisor's representatives.

Some of our representatives also hold designation as a Certified Investment Management Analyst (CIMA). These designates have a Code of Ethics similar to that of the CFP[®] designates.

Participation in Client Transactions and Personal Trading

We may buy or sell securities or have an interest or position in a security for our personal accounts that we also recommend to you. We are now and will continue to be in compliance with *The Insider Trading and Securities Fraud Enforcement Act of 1988*. As these situations may represent a potential conflict of interest, (and as noted earlier in our Code of Ethics disclosure), it is our policy no associated person will prefer his or her own interest to that of the advisory client. No person employed by us may purchase or sell any security prior to a transaction or transactions being implemented for an advisory account. Associated persons will not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of his/her employment unless the information is also available to the investing public upon reasonable inquiry.

Item 12 – Brokerage Practices

If you elect to implement our advice, you are free to select any broker you wish or account custodian you wish. If you elect to have our representatives implement the advice, and that representative is a registered representative, then their broker/dealer, Purshe Kaplan Sterling Investments will be used. Those representatives are required to use the services of Purshe Kaplan Sterling Investments and its approved clearing broker/dealers when acting in their capacity as registered representatives. Purshe Kaplan Sterling Investments has a wide range of approved securities products for which it performs due diligence prior to selection. Its registered representatives are required to adhere to these products when implementing securities transactions.

If we assist you in implementing any recommendations we have a duty to ensure that you receive the best execution possible. Best execution does not necessarily mean the lowest commission price but includes the overall services received from a broker/dealer. You may pay a higher commission price than another qualified broker/dealer may charge to effect the same transaction when we determine, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received. We take into consideration the full range of the broker/dealer's services, including the value of

the research provided, execution capability, commission rates and responsiveness. In keeping with the foregoing, while we will seek competitive rates, we may not necessarily obtain the lowest possible commission rate for your transactions. We periodically review our policies and procedures regarding recommending broker/dealers to clients in light of our best execution duty.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker/dealers in return for investment research products and/or services which assist us in our investment decision-making process. Such research is generally used to service all of our clients, but brokerage commissions paid by one client may be used to pay for research not used in managing that client's portfolio. Receiving investment research products and/or services, as well as allocating the benefit of those products and/or services, poses a potential conflict of interest.

If you contract with us for any services through which we will have trading authorization or will be responsible for implementing transactions in your account, we recommend that you establish a brokerage account with Charles Schwab (excluding the previous discussion about registered representatives with Purshe Kaplan Sterling Investments above). We recommend Charles Schwab because of their financial strength, reputation, execution, pricing, research and services. Charles Schwab enables us to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by Charles Schwab may be higher or lower than those charged by other broker/dealers.

Charles Schwab may provide us, without cost, computer software and related systems support that allow us to better monitor client accounts maintained at Charles Schwab. The software and related systems support may benefit us but not our clients directly. We endeavor at all times to put client interests first. But you should be aware that our receipt of economic benefits from a broker/dealer creates a potential conflict of interest because these benefits may impact our choice of broker/dealers.

We may also receive the following benefits from Charles Schwab:

- Receipt of duplicate client confirmations and bundled duplicate statements
- Access to a trading desk that exclusively services Charles Schwab accounts
- Access to block trading, which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts
- Access to an electronic communications network for client order entry and account information

Receiving these products and services may create a potential conflict of interest.

You may direct us in writing to use a particular broker/dealer to execute some or all of your transactions. In this case, you will negotiate terms and arrangements for the account with that broker/dealer and we will not seek better execution services or prices from other broker/dealers or be able to "batch" or "block" client transactions (see disclosure on **Block Trading**, below). As a result, you may pay higher commission costs or other transaction costs or greater spreads, or receive less favorable net prices on transactions for your account than would otherwise be the case. Subject to our duty of best execution, we may decline your request to direct brokerage if, in our sole discretion, the directed brokerage arrangements result in additional operational difficulties.

Block Trades

We do not engage in block trading.

Item 13 – Review of Accounts

Account Reviews

We monitor managed accounts as part of an ongoing process and review accounts at least quarterly. We recommend that you also periodically come in or visit with us over the telephone to discuss your financial and personal situation. Absent your specific instruction, accounts are reviewed for accuracy of portfolio holdings, continuing suitability of investment products and to check that account performance is still working toward your goals and objectives.

Separate and distinct financial planning services terminate upon presentation of the financial plan or completion of the consultation and no reviews are conducted. However, we recommend that you have your financial situation reviewed and updated at least annually. If you do elect to do such a review and update, then a new client agreement is required and additional fees will be charged.

Our representatives are responsible for reviewing their own client accounts. Although the calendar is the main triggering factor, account reviews are also conducted due to specific client request, due a change in client circumstances or due to unusual economic conditions or market activity.

Account Reports

You receive confirmation statements as transactions occur and also receive accounts statements at least quarterly from your account custodian. Financial planning clients do not receive any reports other than those delivered as part of the requested services.

Item 14 – Client Referrals and Other Compensation

Other Compensation

For additional discussion on other compensation received by us, our owners or our representatives, please refer to **Additional Compensation** under **Item 5, Fees and Compensation**.

Client Referrals

We do not directly or indirectly compensate anyone for referring clients to us.

Non-Client Economic Benefit

Please see **Item 12, Brokerage Practices**, for discussion about the services and products we may receive from Charles Schwab.

Item 15 – Custody

Custody, as it applies to investment advisors, has been defined as having access or control over client funds and/or securities, but does **not** include the ability to execute transactions in client accounts. Custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody for purposes of the *Investment Advisers Act of 1940* and must ensure proper procedures are implemented. Please note that regulators have deemed the authorization to trade in client accounts to not be custody.

However, because we can be given authority to have advisory fees deducted from client accounts, we are deemed to have custody of client funds and securities. This is the only form of custody that we have and, despite this regulatory determination, we do not *maintain* custody of client funds and securities.

For accounts where we are deemed to have custody, we have established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the creation of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from us. When clients have questions about their account statements, they should contact us or the qualified custodian preparing the statement.

Item 16 – Investment Discretion

Investment management services are provided on a non-discretionary or discretionary basis. If asset management services are provided on a non-discretionary basis, we will always contact you before implementing any transactions in an account. If management services are provided on a discretionary basis, we make all decisions to buy, sell or hold securities, cash or other investments in the managed account in our sole discretion without consulting you before implementing any transactions. You must provide us with written authorization to exercise this discretionary authority. You can impose reasonable restrictions on management of your accounts.

When discretionary authority is granted, it is limited. We do not have access to your funds and/or securities with the exception of having advisory fees deducted from your account and paid to us by the account custodian. (Also see **Item 15, Custody**.) Any fee deduction is done pursuant to your prior written authorization provided to the account custodian.

Item 17 – Voting Client Securities

Proxy materials are sent directly from the custodian to you. We do not vote proxies on your behalf. You are instructed to read through the information provided with the proxy-voting documents and make a determination based on the information provided. At your request, we may provide clarifications of the issues presented in the proxy materials. However, we will not make a recommendation on how to vote on the issues. You have the sole determination on how to vote proxies.

Item 18 – Financial Information

This item is not applicable to our brochure. We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, we have not been the subject of a bankruptcy petition at any time.