

Disclosure Brochure

December 2, 2011

Jacobs Broel Asset Management, LLC

a Registered Investment Adviser

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This brochure provides information about the qualifications and business practices of Jacobs Broel Asset Management, LLC. If you have any questions about the contents of this brochure, please contact Jesse Broel at (425) 372-7481. 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 Jacobs Broel Asset Management, LLC is available on the SEC's website at www.adviserinfo.sec.gov. Jacobs Broel Asset Management, LLC is an SEC registered investment adviser. Registration does not imply any level of skill or training.

Item 2. Material Changes

This section of the brochure discusses only the material changes that have occurred since the Registrant's last annual update. The Registrant does not have any material changes to disclose.

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Firm Disclosure Brochure

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Supervised Person Disclosure Supplements

Item 4. Advisory Business

The Registrant has been in business since January 20, 2011. Peter Jacobs and Jesse Broel are the principal owners of the Registrant. As of June 10, 2011, the Registrant has \$26,753,874 of assets under management.

The Registrant is an investment adviser providing institutional consulting and investment management services. Prior to engaging the Registrant to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with the Registrant setting forth the terms and conditions under which the Registrant renders its services (collectively the “*Agreement*”). Neither the Registrant nor the client may assign the *Agreement* without the consent of the other party. Transactions that do not result in a change of actual control or management of the Registrant is not considered an assignment.

Investment Management Services

The Registrant can be engaged to manage all or a portion of a client’s assets on a discretionary basis.

The Registrant intends to primarily allocate its client’s investment management assets, on a discretionary basis among equity securities, exchange traded funds, individual debt and mutual funds in accordance with the investment objectives of the client. The Registrant may also provide advice about any type of investment held in a client’s portfolio.

It is the Registrant’s practice to tailor its advisory services to the individual needs of clients. The Registrant will ensure that each client’s investments are suitable for that client and consistent with their investment needs, goals, objectives and risk tolerance as well as any restrictions requested by the client. The Registrant does typically invest client assets through the use of a model portfolio. Therefore, the holdings of clients will look similar.

The Registrant’s clients are advised to promptly notify the Registrant if there are ever any changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon the Registrant’s management services.

Additions and Withdrawals to Accounts

Clients may make additions to and withdrawals from their account at any time, subject to the Registrant’s right to terminate an account. Clients may withdraw account assets on notice to the Registrant, subject to the usual and customary securities settlement procedures. However, the Registrant designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client’s investment objectives.

Institutional Consulting

In addition, the Registrant may sell its research and analysis to various institutions as part of its institutional consulting services. The Registrant's institutional consulting services are specialized engagements individually negotiated with each institution based upon their specific needs. The Registrant's institutional consulting services are generally investment-related. Clients are advised that these services present a conflict of interest whereas certain institutional clients of the Registrant could receive and act upon the Registrant's research before the Registrant utilizes its research for its non-institutional clients. Alternatively, the Registrant could provide its research to institutional clients after acting upon the recommendations for individual clients.

Item 5. Fees and Compensation

The Registrant offers its services on a fee basis which includes fixed fees as well as fees based upon assets under management.

Investment Management Fee

In the event the client determines to engage the Registrant to provide investment management services, the Registrant shall do so on a fee basis. If engaged, the Registrant shall charge an annual fee based upon a percentage of the market value of the assets being managed by the Registrant. The Registrant's annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. However, the Registrant shall not receive any portion of these commissions, fees, and costs. The Registrant's annual fee shall be prorated and charged quarterly, in advance, based upon the market value of the assets being managed by the Registrant on the last day of the previous quarter.

The annual fee shall vary (between 0.50% and 1.00%) depending upon the market value of the assets under management and the specific relationship with the client. Where the client works directly with the Registrant, the Registrant's fee is 1.00% of assets under management. Where the client works with a broker that recommends or chooses the investment management services of the Registrant, the Registrant's fee is 0.50% of assets under management.

The Registrant, in its sole discretion, may negotiate to waive its stated account minimum or charge a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, *pro bono* activities, etc.).

Fees Charged by Financial Institution

As further discussed in response to Item 12 (below), the Registrant generally recommends that clients utilize the brokerage and clearing services of Charles Schwab & Co., Inc. ("*Schwab*") for investment management accounts.

The Registrant may only implement its investment management recommendations after the client has arranged for and furnished the Registrant with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include, but are not limited to, *Charles Schwab*, any other broker-dealer recommended by the Registrant, broker-dealer directed by the client, trust companies, banks etc. (collectively referred to herein as the "*Financial Institution(s)*").

Clients may incur certain charges imposed by the *Financial Institution(s)* and other third parties such as custodial fees, charges imposed directly by a mutual fund or exchange traded fund in the account, which

shall be disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, for assets outside of any wrap fee programs, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to the Registrant's fee.

The Registrant's *Agreement* and/or the separate agreement with the *Financial Institution(s)* may authorize the Registrant through the *Financial Institution(s)* to debit the client's account for the amount of the Registrant's fee and to directly remit that management fee to the Registrant in accordance with applicable custody rules. The *Financial Institution(s)* recommended by the Registrant have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to the Registrant.

Fees for Management During Partial Quarters of Service

For the initial period of investment management services, the first period's fees shall be calculated on a *pro rata* basis. The *Agreement* between the Registrant and the client will continue in effect until terminated by either party pursuant to the terms of the *Agreement*. The Registrant's annual fee shall be prorated through the date of termination and any remaining balance shall be charged or refunded to the client, as appropriate, in a timely manner.

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

Generally, if assets deposited or withdrawn from an account after the inception of a quarter, the fee payable with respect to such assets will not be adjusted or prorated based on the number of days remaining in the quarter. However, if assets in excess of \$250,000 are deposited into or withdrawn from an account after the inception of a quarter, the fee payable with respect to such assets will be adjusted or prorated in accordance with the client's fee schedule and based on the number of days remaining in the quarter.

Institutional Consulting Services Fee

In the event the client determines to engage the Registrant to provide institutional consulting services, the Registrant shall do so on a fee basis. If engaged, the Registrant shall charge a monthly fixed fee. The Registrant's monthly fee is \$17,000 and shall be charged in advance.

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

The Registrant does not provide any services for performance based fees. Performance based fees are those based on a share of capital gains on or capital appreciation of the assets of a client.

Item 7. Types of Clients

The Registrant provides its services to individuals, charitable organizations, corporations and business entities.

Minimum Account Size

As a condition for starting and maintaining a relationship, the Registrant shall generally impose a minimum portfolio size of \$100,000 for an equity only account and \$250,000 for a balanced account made of equity and fixed income (bond) holdings. Alternatively, the Registrant shall generally impose a minimum annual fee of \$500. The minimum fee may have the effect of making the Registrant's services impractical or too expensive for certain clients.

The Registrant, in its sole discretion, may accept clients with smaller portfolios based upon certain criteria including anticipated future additional assets, related accounts, anticipated future earnings capacity, dollar amount of assets to be managed, account composition, pre-existing client relationship, account retention, and *pro bono* activities. The Registrant shall only accept clients with less than the minimum portfolio size if, in the sole opinion of the Registrant, the smaller portfolio size will not cause a substantial increase of investment risk beyond the client's identified risk tolerance. The Registrant may aggregate the portfolios of family members to meet the minimum portfolio size.

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

The Registrant will seek to achieve growth of capital by investing in securities of varying capitalizations that offer long-term investment value. The process and approach is deeply rooted in the value-contrarian investment philosophy which focuses on identifying companies that have good long-term fundamentals, yet whose stocks are out of favor with the majority of investors. The Registrant's primary methods of analysis are fundamental and technical analysis.

Fundamental analysis involves the fundamental financial condition and competitive position of a company. The Registrant will analyze the financial condition, capabilities of management, earnings, new products and services, as well as the company's markets and position amongst its competitors in order to determine the recommendations made to clients. The primary risk in using fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.

Technical analysis involves the analysis of past market data rather than specific company data in determining the recommendations made to clients. Technical analysis may involve the use of charts to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. The primary risk in using technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that the Registrant will be able to accurately predict such a reoccurrence.

Investment Decision = Fundamental Company Research + Price Consideration

These components of the equation underscore the fact that stocks of great companies purchased at the wrong price can result in poor investment returns.

The investment process begins by selecting stocks identified by the Registrant that are generally out of favor by broad-market participants but that have good long-term prospects in the opinion of the Registrant. The initial portfolio construction process can take anywhere from one to six months in order to become fully invested depending on market conditions. The purchase and sale of securities will be consistent within all portfolios to attempt to provide uniform management and consistent returns for clients.

When fully invested, each equity portfolio will hold between 15 and 30 stocks, and will consist of long positions only. Individual position weightings will be limited to 5% initially, and will not exceed 10% during the investment time frame. International, convertible, and closed-end securities can comprise up to 25% of the portfolio. The target level for cash is 10%, but could be as low as 5% and over 50% depending on market conditions and ability to find attractive stock ideas in which to invest. JBAM's aim is to manage each portfolio in a similar fashion in order to capture consistent results. Exceptions arise, however, with the addition of new accounts. New accounts will purchase the stocks contained in existing portfolios,

unless the stock is within 15% of its price objective. The non-invested portion (less cash target) can be allocated to a broad equity market or short-term fixed income ETF.

JBAM Equity Portfolio – The JBAM Equity Portfolio investment strategy is to invest in 15 to 30 stocks, and will consist of long positions only. Individual position weightings will be limited to 5% initially, and will not exceed 10% during the investment time frame. International, convertible, and closed-end securities can comprise up to 25% of the portfolio. The target level for cash is 10%, but can fall in the range of 5%–100% depending on market conditions. By keeping the number of securities in the portfolio limited and concentrated, the Registrant believes the opportunity for outperformance of the broad market is achievable versus the use of extensive diversification which typically leads to average returns. Initial investment minimum is \$100,000.

JBAM Balanced Portfolio – Adopting the same equity investment strategy of the Equity Portfolio, the JBAM Balanced Portfolio adds investment grade bonds in an attempt to reduce volatility compared to an equity only account and perhaps lower overall long-term returns, but aims to deliver higher returns than a static stock and bond portfolio due to the dynamic rebalancing of the accounts. The bond portion will be relatively simple and characterized by 5-10 bond issues with maturities laddered over several years. Upon maturity of the individual bond issues, or the sale of a stock, the proceeds will be reinvested in bonds or stocks in order to maintain a balanced portfolio of roughly 50% stocks and 50% bonds (+/-10%). The very nature of the dynamic rebalancing will result in reallocating cash generation events from what would be the sale of securities within the more expensive asset class to the purchase of the securities within the cheapest asset class. This is the simple principle of buying low and selling high, but reversed...selling high, buying low.

This dynamic, fluid investment management approach will see a shift between stock and bonds within the portfolio depending on the relative value of the bond and stock portion of the portfolio, the Registrant's perceived outlook of investment opportunities, timing of purchase and sale of securities, maturity of the bonds, and distributions (cash inflow/outflows and dividends).

Item 9. Disciplinary Information

The Registrant is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. The Registrant does not have any required disclosures to this Item.

Item 10. Other Financial Industry Activities and Affiliations

The Registrant is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons. The Registrant has described such relationships and arrangements, below.

Item 11. Code of Ethics

The Registrant and persons associated with the Registrant (“Associated Persons”) are permitted to buy or sell securities that it also recommends to clients consistent with the Registrant’s policies and procedures.

The Registrant has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws (“*Code of Ethics*”). In accordance with Section 204A of the Advisers Act, its *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of material non-public information by the Registrant or any of its associated persons. The *Code of Ethics* also requires that certain of the Registrant’s personnel (called “*Access Persons*”) report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

Unless specifically permitted in the Registrant’s *Code of Ethics*, none of the Registrant’s *Access Persons* may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the *Access Person*) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of the Registrant’s clients.

When the Registrant is purchasing or considering for purchase any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when the Registrant is selling or considering the sale of any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers’ acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact the Registrant to request a copy of its *Code of Ethics*.

Item 12. Brokerage Practices

As discussed above, in Item 5, the Registrant shall generally recommend that clients utilize the brokerage and clearing services of *Schwab*.

Factors which the Registrant considers in recommending *Schwab* or any other broker-dealer, to clients include their respective financial strength, reputation, execution, pricing, research, and service. The commissions and/or transaction fees charged by *Schwab* may be higher or lower than those charged by other broker-dealers.

The commissions paid by the Registrant's clients shall comply with the Registrant's duty to obtain "best execution." However, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Registrant determines, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Consistent with the foregoing, while the Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client transactions.

If the client requests the Registrant to arrange for the execution of securities brokerage transactions for the client's account, the Registrant shall direct such transactions through broker-dealers that the Registrant reasonably believes will provide best execution. Transactions may be cleared through other broker-dealers with whom the Registrant and the *Financial Institution(s)* have entered into agreements for prime brokerage clearing services. The Registrant shall periodically and systematically review its policies and procedures regarding recommending broker-dealers to its client in light of its duty to obtain best execution.

The client may direct the Registrant in writing to use a particular broker-dealer to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that broker-dealer, and the Registrant will not seek better execution services or prices from other broker-dealers or be able to "batch" client transactions for execution through other broker-dealers with orders for other accounts managed by the Registrant (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, the Registrant may decline a client's request to direct brokerage if, in the Registrant's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be effected independently, unless the Registrant decides to purchase or sell the same securities for several clients at approximately the same time. The Registrant may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more

favorable commission rates, or to allocate equitably among the Registrant's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among the Registrant's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that the Registrant determines to aggregate client orders for the purchase or sale of securities, including securities in which the Registrant's *Advisory Affiliate(s)* may invest, the Registrant shall generally do so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. The Registrant shall not receive any additional compensation or remuneration as a result of the aggregation. In the event that the Registrant determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, the Registrant may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

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 the Registrant in its investment decision-making process. Such research generally will be used to service all of the Registrant's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because the Registrant does not have to produce or pay for the products or services.

Software and Support Provided by Financial Institutions

The Registrant may receive from *Schwab*, without cost to the Registrant, computer software and related systems support, which allow the Registrant to better monitor client accounts maintained at *Schwab*. The Registrant may receive the software and related support without cost because the Registrant renders investment management services to clients that maintain assets at *Schwab*. The software and related

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

Additionally, the Registrant may receive the following benefits from *Schwab* through its Schwab Institutional division: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services the Schwab Institutional participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

Item 13. Review of Accounts

For those clients to whom the Registrant provides investment management services, the Registrant monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. Such reviews are conducted by at least one of the Registrant's primary owners, Peter Jacobs or Jesse Broel. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with the Registrant or referring financial advisor to keep the Registrant informed of any changes thereto. The Registrant shall contact ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. If the Registrant provides any supplemental report, clients should compare the account statements they receive from their custodian with those they receive from the Registrant.

Those clients to whom the Registrant provides institutional consulting services will receive reports from the Registrant from time-to-time or as agreed to in writing by the Registrant.

Item 14. Client Referrals and Other Compensation

The Registrant is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. In addition, the Registrant is required to disclose any direct or indirect compensation that it provides for client referrals. The Registrant does not have any required disclosures to this Item.

Item 15. Custody

As discussed above, the Registrant's *Agreement* and/or the separate agreement with the *Financial Institution(s)* may authorize the Registrant through the *Financial Institution(s)* to debit the client's account for the amount of the Registrant's fee and to directly remit that management fee to the Registrant in accordance with applicable custody rules. The *Financial Institution(s)* recommended by the Registrant have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to the Registrant. In addition, when the Registrant sends supplemental reports to clients, clients should carefully review the statements sent directly by the *Financial Institution(s)* and compare them to the reports received from the Registrant.

Item 16. Investment Discretion

The Registrant may be given the authority to exercise discretion on behalf of clients. The Registrant is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. The Registrant is given this authority through a power-of-attorney included in the agreement between the Registrant and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). The Registrant takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The *Financial Institution(s)* to be utilized.

Item 17. Voting Client Securities

The Registrant *may* vote client securities (proxies) on behalf of its clients. When the Registrant accepts such responsibility in writing as part of the *Agreement*, it will only cast proxy votes in a manner consistent with the best interest of its clients. Absent special circumstances, which are fully- described in the Registrant's Proxy Voting Policies and Procedures, all proxies will be voted consistent with guidelines established and described in the Registrant's Proxy Voting Policies and Procedures, as they may be amended from time-to-time. At any time, clients may contact the Registrant to request information about how Registrant voted proxies for that client's securities or to get a copy of the Registrant's Proxy Voting Policies and Procedures. A brief summary of the Registrant's Proxy Voting Policies and Procedures is as follows:

- The Registrant has formed a Proxy Voting Committee that will be responsible for monitoring corporate actions, making voting decisions in the best interest of clients, and ensuring that proxies are submitted in a timely manner.
- The Proxy Voting Committee will generally vote proxies according to the Registrant's then current Proxy Voting Guidelines. The Proxy Voting Guidelines include many specific examples of voting decisions for the types of proposals that are most frequently presented, including: composition of the board of directors; approval of independent auditors; management and director compensation; anti-takeover mechanisms and related issues; changes to capital structure; corporate and social policy issues; and issues involving mutual funds.
- Although the Proxy Voting Guidelines are to be followed as a general policy, certain issues will be considered on a case-by-case basis based on the relevant facts and circumstances. Since corporate governance issues are diverse and continually evolving, the Registrant shall devote an appropriate amount of time and resources to monitor these changes.
- Where the Registrant is responsible for voting proxies on behalf of a client, clients cannot direct the Registrant's vote on a particular solicitation. The Registrant's authority to vote proxies can, however, be revoked.

In situations where there may be a conflict of interest in the voting of proxies due to business or personal relationships that the Registrant maintains with persons having an interest in the outcome of certain votes, the Registrant will take appropriate steps to ensure that its proxy voting decisions are made in the best interest of its clients and are not the product of such conflict.

Item 18. Financial Information

The Registrant does not require or solicit the prepayment of more than \$1,200 in fees, six months or more in advance.

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