

**Firm Brochure**  
(Part 2A of Form ADV)

**U.S. Bancorp Investments, Inc.**  
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This brochure provides information about the qualifications and business practices of U.S. Bancorp Investments, Inc. (referred to as “we”, “us” or “USBI” throughout the document). If you have any questions about the contents of this brochure, please contact us at 800-888-4700. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about USBI is available on the SEC’s web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for USBI is 17868.

USBI is a registered investment adviser. However, that registration does not imply a certain level of skill or training.

**December 16, 2011**

## Item 2    Material Changes

The SEC adopted changes to the Form ADV in July 2010. This new Form ADV Part 2A, known as the Firm Brochure, is our disclosure document prepared according to the SEC's new requirements. As you will see, this document is a narrative that is different in form from our previous document, and includes some new information. Our goal is to provide you with easy to understand "plain-English" disclosures, using an easy to read format and everyday words.

After our initial filing of this Firm Brochure, this section will be used to provide you with a summary of new and/or updated information.

Since our last filing on March 29, 2011, there are no material changes.

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## Item 4 Advisory Business

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### Firm Description

We are owned by U.S. Bancorp and have been incorporated since 1974. We acquired an entity with an investment adviser that was state registered in 1996 and became SEC registered in 2007.

We are an investment adviser as well as a broker-dealer registered with the SEC. We are a member of the Financial Industry Regulatory Authority, known as FINRA, and also a member of the Securities Investor Protection Corporation, known as SIPC.

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### Types of Advisory Services Offered

We offer two types of advisory services for our clients: managed accounts services and financial planning services. We do not specialize in any one type of advisory service. A full description of our services is detailed below.

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### Tailored Advice when Using Personal Portfolios Program

Our primary group of managed account programs is called the Personal Portfolios Program, also referred to as the “Program(s)” throughout this document. We also maintain the Strategic Advisor Account Program; however, it is closed to new business.

We provide individually tailored solutions to our clients. We provide continuous advice to you regarding your investments based on your individual needs. We do this through personal discussions with you, in which goals and objectives are discussed. During this data gathering process, we will determine your objectives, risk tolerance, anticipated contributions and withdrawals, the importance of liquidity to you, your income as well as other factors. You may also place any reasonable restrictions on investing in certain securities, types of securities or industry sectors. You should understand that those restrictions will likely impact the performance of the Personal Portfolio Programs. We will develop an asset allocation strategy for you using one of the Personal Portfolio Programs.

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### Description of Managed Account Services

Each Personal Portfolios Program includes the development of an asset allocation, a selection of an independent portfolio manager or managers and/or portfolios, which may include mutual funds, exchange-traded funds (ETFs), individual equities, fixed income investments and structured products. In addition, brokerage and custodial services provided by USBI are part of the Personal Portfolios Program. These Programs are offered on a wrap fee basis. This means that one fee is charged that includes investment advisory services, custodial services and brokerage execution, including commissions. We receive a portion of the fee for our services. . For a detailed description of the wrap fee program, please see the Wrap Fee Program Brochure in Appendix 1.

We have partnered with Envestnet Portfolio Solutions, Inc. ("Envestnet"), a registered investment adviser, to act as a sub-adviser to provide asset allocation programs and administrative services. Envestnet also acts as sub-advisor on the U.S. Bancorp Investments Strategic Advisor Account. We no longer accept new accounts in this Program, but we will continue to maintain it for existing clients.

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## Personal Portfolios Program

The following Programs are offered to you. To learn more details about these Programs, please see the Wrap Fee Program Brochure in Appendix 1.

- Fund Managed Portfolios
  - FundAdvisor
  - Russell Model Strategies
- Unified Managed Account
- Advisor Select
- Advisor Select Separately Managed Account
- U.S. Bancorp Investments Strategic Advisor Account (closed to new clients)

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## Assets Under Management

We are compensated for the managed accounts based on a percentage of assets under management.

Non-Discretionary Assets Under Management as of 11/30/11:

- |                              |                 |
|------------------------------|-----------------|
| • Non-discretionary Programs | \$1,809,700,000 |
|------------------------------|-----------------|

At this time, we do not manage any assets on a discretionary basis.

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## Description of Financial Planning Services

Our financial planning services provide a personalized report to help you assess your financial situation and your ability to achieve specific financial goals.

Financial planning is an investment advisory service that creates a fiduciary relationship. This means that we must place your interests above our own. This brochure explains your rights and obligations in providing you with a financial plan. Please read it carefully and keep it for your records. Please note that although we act as your investment adviser in providing a plan to you, this does not affect any other relationship you may have with your Financial Advisor or USBI. The nature of your existing USBI accounts, your rights and obligations relating to these accounts, and the terms and conditions of any USBI account agreement in effect does not change in any way. Generally, unless you are participating in our advisory program, we will implement securities transactions in our capacity as a broker-dealer. You will be charged any applicable fees for effecting transactions you choose to make, including commissions, a portion of which will be passed to your Financial Advisor.

**You should understand that our financial planning service ends upon our delivery of the plan to you, as will the fiduciary relationship that arises from providing you with this**

**service.** You are not required to open accounts, purchase products, or otherwise transact any business with USBI or any of our affiliates in order to put into action any aspect of your financial plan. If you would like USBI to be involved with helping you develop investment and/or insurance strategies, we would welcome the opportunity to assist you through our brokerage services. Please note that the capacity in which we act when implementing these strategies will depend on, and vary by the nature of your accounts, as will the governing regulatory agency.

Any information presented in a financial plan regarding potential tax considerations is not intended as tax advice and should not be relied upon for the purpose of avoiding any tax penalties. Neither USBI nor any of its employees provide tax or legal advice and our financial planning services are not intended to provide, and should not be construed as providing such advice. You should consult with your legal or tax advisors regarding your personal circumstances.

You should also understand that a financial plan does not address every aspect of a client's financial life. Please note that a topic may not be included in your financial plan for a number of reasons (insufficient data provided, separate analysis to be provided, etc.) and such omission does not indicate that the topic is not applicable to your financial situation. Please consult with your Financial Advisor regarding the specific topics included in your financial plan.

#### **Inclusion of Outside Assets in your Financial Plan**

When we develop a financial plan for you, you may choose to include assets held at other institutions. Because these assets are not held at USBI, we will not be able to verify or ensure the accuracy of information regarding these assets. USBI does not provide advice with respect to your assets at other firms, and we will not assume any liability for your activity at other firms.

#### **Electronic Delivery**

To the extent permissible by law, we may, with your consent, deliver financial plans, Form ADV disclosure brochures, and other documents and notices related to our services via electronic format.

#### **Qualifications of Financial Advisors Who Provide Financial Planning Services**

Most of our Financial Advisors are registered as broker-dealer and investment adviser representatives. We do not impose special requirements (other than the required registrations) for Financial Advisors who participate in our financial planning services.

#### **Services Tailored to Individual Client Needs**

The following is intended to provide you with a high-level overview of the different types of services that can be provided by a Financial Advisor at USBI. It is not intended to be a comprehensive explanation of the purpose or the outcomes of each plan. Each is designed to meet the individual investment objectives, financial needs and risk tolerance of the client. Some of the planning services provided by our Financial Advisors require us to collect certain financial information and assess the relative importance of various wealth management topics.

##### **1. Goal Based Analysis**

Using information that you provide, tools are available that will provide report(s) that analyze a specific goal that you are looking to achieve. Some of the areas that can be reviewed using these reports include retirement accumulation, retirement distribution, education funding, funding of long term care needs, estate planning options, income replacement (both permanent and disability), and asset allocation goals. Many of these reports will provide 'What-If' modeling (applying potential changes to your existing situation to demonstrate the impact of those changes) within the existing plan. Additionally, each of these tools will allow multiple scenarios to be presented for a side-by-side analysis as well.

## 2. Cash Flow Planning

Using the information that you provide, these reports may include an analysis in one or more of the following areas: financial goals, current net worth and income statement, current cash flow, and certain financial ratios.

In addition, certain aspects of a financial plan may be available separately to you through our broker dealer affiliate. For instance, we can review your progress toward achieving certain established financial goals through one of our brokerage services. We also have various asset allocation tools that a Financial Advisor may use to develop a proposed asset allocation appropriate for your needs.

# Item 5 Fees and Compensation

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## Description of Managed Account Fees

Assets in the Personal Portfolios Program are charged an annual asset-based fee called a wrap fee for the services provided. Each Program carries a different wrap fee or portfolio fee. This portfolio fee is based on several factors including but not limited to:

- the specific services being provided
- the type and size of the account
- historical or anticipated transaction activity
- the range of additional services provided to the account
- the amount of your overall assets in the Personal Portfolios Program

The portfolio fee represents payment for the following services:

- development and ongoing management of asset allocation and investment strategies
- portfolio manager search, due diligence and monitoring services
- investment company due diligence and monitoring services
- portfolio manager investment management services
- account administration and reconciliation services
- administrative services
- clearing and custody charges
- brokerage execution services
- monthly statement with activity, otherwise quarterly
- quarterly evaluation of investment performance
- tax reporting
- Advice provided by your Financial Advisor and the sub-adviser

The portfolio fee may also include sub-account manager fees and custodial fees. Additional detailed information on wrap fees can be found in the Wrap Fee Program Brochure found in Appendix 1 of this Firm Brochure.

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## Fee Schedule

Under certain circumstances, the portfolio fee is negotiable and agreed upon by you and your Financial Advisor. The following are some examples when the fee may be negotiable:

- overall relationship with U.S. Bancorp
- total client assets under a Program account
- types of investments or strategies being utilized

### USBI Personal Portfolios Program

<b>Assets</b>	<b>Fund Managed Portfolios</b>	<b>Advisor Select</b>	<b>Advisor Select Separately Managed Accounts</b>	<b>Unified Managed Account</b>
First \$250,000	1.70%	2.00%	2.75%	2.50%
Next \$250,000	1.60%	1.80%	2.50%	2.25%
Next \$500,000	1.50%	1.60%	2.25%	2.00%
Next \$1,000,000	1.30%	1.35%	2.00%	1.75%
On amounts over \$2,000,000	1.00%	1.10%	1.75%	1.50%

### USBI Investments Strategic Advisor Account

<b>Assets</b>	<b>Managed Account</b>	<b>Mutual Funds Account</b>	<b>Fixed Income Account</b>
First \$500,000	2.50%	1.50%	1.70%
Next \$500,001	2.25%	1.50%	1.55%
Next \$1,000,001	2.00%	1.25%	1.40%
On amounts over \$2,000,000	Negotiable	Negotiable	Negotiable

Fees are blended: i.e., as the portfolio value reaches each threshold in the above tables, the assets above that threshold are charged successively lower percentages.

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## Billing of Fees

We deduct fees from your Program account a quarter in advance. This is the only method of billing used and you may not select another method. If there is a new Program account, the fees are pro-rated and billed at the inception of the account for the remainder of the calendar quarter. The fee is calculated as a percentage of the average daily asset value of the account for the previous calendar quarter as valued by Envestnet. In addition, we have the authority to place trades in this account to make cash available to cover fees without prior consultation with you.

If you are invested in the U.S. Bancorp Investments Strategic Advisor Account (closed to new clients), the fee is calculated as a percentage of the asset value of the account on the last business day of the previous calendar quarter.



Upon your direction, there may be a fee breakpoint by linking your account with an account of a family member(s).

We may advance or accelerate compensation to the Financial Advisor at our discretion. This could include advancing several quarters' worth of compensation or paying some multiple of initial income. You are not charged any additional fee. However, this accelerated payment paid to the Financial Advisor may provide them with a financial incentive to offer the Program.

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## **Other Fees and Expenses**

The portfolio fee discussed above does not cover certain other costs for which you may be charged separately. Other costs may include but are not limited to the following:

- interest on debit account balances
- the entire public offering price (including underwriting commissions or discounts) on securities purchased from an underwriter or dealer involved in a distribution of securities
- exchange fees, regulatory transaction fees, transfer taxes, and other fees required by law
- a per trade liquidation fee for non-cash assets brought to a Program
- electronic fund and wire transfer fees
- trade-away charges (i.e., charges assessed when transactions are cleared through other independent broker-dealers, and not through the custodian)
- trust service charges
- short-term redemption fees
- management fees and expense charged by mutual funds in which you may be invested

For a full discussion of brokerage practices, see Item 12 Brokerage Practices.

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## **Refund of Fees Upon Termination of Agreement**

You may terminate the investment advisory agreement with a full refund of any fees paid within five business days of your execution of the Statement of Investment Selection. You may also terminate at any other time but the fees will be pro-rated through the termination date. The daily pro-rated amount upon termination will usually result in a refund of the unearned portion of the quarterly fee. You may be charged a per trade liquidation fee in the event you request that assets be converted to cash prior to termination.

If you decide to terminate any of the Program accounts custodied with us, in most cases you will receive a refund via electronic transfer to another trading account or bank account. If the account is closed before the end of the quarter, you will receive the refund one month after account closing. If you decide to terminate the Advisor Select Separately Managed Account held at Fidelity, a refund will sent directly from Fidelity.

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## **Compensation Received as a Broker Dealer**

Financial Advisors who recommend the Programs will receive compensation as a result of your participation. This compensation may be more than what the Financial Advisor would receive if you participate in other investment services offered by us or if you paid separately for investment advice, brokerage, and other services. Therefore, Financial Advisors may have a financial incentive to recommend the Programs over other programs or services. In addition, as a custodian we may receive 12b-1 fees from a mutual fund in which you are invested. 12b-1 fees

are additional fees used for promotion, distribution, and/or marketing expenses of the mutual fund's shares. Mutual funds charge their own management fees and 12b-1 fees.

12b-1 fees are paid to the Financial Advisor in non-qualified accounts custodied with us. Qualified accounts, which may include ERISA and IRA accounts custodied with us, will be credited with the amount of any 12b-1 fees received. We may recommend First American Money Market Funds, which are advised by an affiliate of ours. Any qualified account custodied with us may receive a rebate of advisory or investment management fees associated with First American Money Market Funds held in a Program Account.

As a normal course of business, we recommend load waived or no-load funds.

You always have the option of purchasing the investments through other broker-dealers or agents not affiliated with us.

We do not charge additional commissions or markups in the Personal Portfolio Programs.

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## **Revenue Sharing Arrangements**

We enter into revenue sharing agreements with our product partners. These product partners provide us with financial contributions that are used to support marketing their products, train our Financial Advisors and for other purposes. If you would like more information about these agreements, please go to [http://www.usbank.com/cgi\\_w/cfm/invest/products\\_and\\_services/mutual\\_funds\\_ps.cfm](http://www.usbank.com/cgi_w/cfm/invest/products_and_services/mutual_funds_ps.cfm).

U.S. Bancorp Asset Management, Inc. is an affiliate of ours and is the adviser to the First American Money Market Funds. We have entered into an agreement with U.S. Bancorp Asset Management, Inc. in which they pay us for marketing support services in connection with the First American Money Market Funds. We receive these payments in addition to any sales charge payments and distribution fees described in the prospectuses and statements of additional information for the First American Money Market Funds.

A potential conflict of interest exists when we are paid more in revenue sharing from a product partner if you purchase one type of product instead of another. A potential conflict of interest may also exist if one product partner provides more in financial contributions over another. We may offer products that we or our affiliates may underwrite, or may otherwise be financially interested in. We may also offer products that involve entities that have a relationship with us and/or our affiliates. We may receive compensation or other benefits for selling such products.

We are committed to serving your interests first, so we have adopted policies reasonably designed to control and limit these potential conflicts of interest. The policies require investment professionals to recommend products and services based only on their appropriateness in meeting your investment goals. The policies prohibit the payment of any portion of revenue or cost sharing fees directly to investment professionals. In addition, revenue-sharing payments must be made by the distributor or the product partner by wire transfer or check, and policies prohibit the acceptance of these payments in the form of direct or indirect investment portfolio commissions of the product sponsor.

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## **Description of Financial Planning Fee**

At this time, we do not charge a fee for financial planning services. Please note that we reserve the right to change this policy at any time without additional notice.

If you maintain accounts with us, or if we assist you in implementing your financial plan, you may pay asset-based fees, transaction based charges or commissions, account maintenance fees or other charges. Although you are not obligated to implement your financial plan through us, you will incur such fees whether you implement your financial plan with us or at other financial institutions.

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

We do not use a performance based-fee structure because of the potential conflict of interest. We believe performance-based compensation creates an incentive for a Financial Advisor to recommend an investment that may carry a higher degree of risk to you. As explained above, our fees are based on a percentage of assets managed.

## Item 7 Types of Clients

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### Description

We advise a wide range of clients, including individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations, and other businesses not listed here. We require you to have a minimum amount of investable assets in each of Personal Portfolio Programs as shown below. Under certain circumstances, Program accounts may be opened with asset values below these minimums.

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### Account Minimums

Fund Managed Portfolios	Unified Managed Account	Advisor Select	Advisor Select Separately Managed
\$50,000	\$250,000	\$50,000	\$100,000 *

\* Some sub-account managers have higher account minimums.

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

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### Methods of Analysis – Managed Account Services

We have contracted with Envestnet, a registered investment adviser, to provide sub-account manager selection, monitoring and due diligence services. Sub-account managers are selected for each of our Programs based on contact directly with the sub-advisers, referrals from

consultants, periodicals and databases containing information about investment advisers, as well as an analysis of portfolio returns, a review of the sub-account manager's disclosure brochure, contact with clients and references provided by the sub-account manager and on-site visits to the sub-account manager.

On an ongoing basis, the sub-adviser monitors the performance of each chosen sub-account manager relative to major market indices and to comparable style indices. The ongoing analysis and review of approved sub-account managers also includes, where appropriate, a recommendation to a client for the termination of a sub-account manager, usually accompanied with a recommendation for replacement. Reasons for the recommendation would typically be one or more of the following: ownership changes, key employee turnover, adverse or wrongly focused performance record, changes in investment philosophy, failure to follow the stated investment discipline or other similar concerns.

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## **Methods of Analysis – Financial Planning Services**

We have contracted for financial planning software with various providers to develop planning strategies. When developing asset allocation strategies for those providers that use our analysis, we provide the vendors with our proprietary allocation recommendations. Based on a client's determined risk tolerance, one of these specific asset allocation recommendations is presented within the software. You can choose to implement this recommended solution or work with a Financial Advisor to further customize a strategy that meets your needs. The proprietary allocation models from USBI are updated on a periodic basis.

In developing these propriety allocation models, the following is considered:

- Historical market performance and the relationship of different type of assets invested in combination with each other.
- Individual financial objectives and risk characteristics that can impact the structure of a portfolio. This includes a complete accounting for client perspectives on risk and tax considerations.
- Current market and economic trends that could affect the outcome of a strategic asset allocation mix.

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## **Investment Strategy**

Your personal investment strategy is based on the objectives you discuss with your Financial Advisor and may be different for each of your accounts. Investment strategies may include asset allocation, long-term purchases, short-term purchases, trading and other strategies your Financial Advisor will discuss with you. It is important to keep your Financial Advisor updated when any of your information changes so your goals and objectives can be updated accordingly.

For the Advisor Select Personal Portfolios Program, Financial Advisors have access to a variety of tools that help them determine your investment objectives, time horizons and other factors. These tools help your Financial Advisor reach an investment strategy based on your individual needs.

As a normal course of business, the investment portfolios offered by us are wrap fee accounts. However, from time to time, it may be in your best interest to use an account that is outside of this strategy and pay commissions per trade. This is monitored on a case by case basis.

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## Investing in Securities Involves Risk

All securities carry some level of risk. You may lose money as the value of the security fluctuates. You should be prepared to bear the risk for each type of security in which you invest including the possibility of losing some or all of your invested money. Thinking about long-term investment strategies and tolerance for risk can help determine what type of investment is best suited for you. Keep in mind past performance of securities is not a reliable indicator of future performance.

Depending on the types of securities you invest in, you may face some of the following investment risks:

- **Interest Rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less appealing, causing their market values to decline.
- **Market Risk:** Prices of an equity, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This risk can be caused by things independent of the security's underlying circumstances. Political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, your dollar today will have less purchasing power than it will tomorrow because it is eroding at that rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Fixed Income Risk:** Portfolios that invest in fixed income securities are subject to several general risks, including interest rate risk and market risk. These risks may occur from fluctuations in interest rates, a change to an issuer's individual situation or industry, or events in the financial markets.
- **Structured Products Risk:** These products often involve a significant amount of risk and may only be appropriate for our clients who can carry such risk. Those clients should carefully read and consider the product's offering documents, as they are often based on derivatives. Structured products are intended to be "buy and hold" investments and are not liquid instruments.
- **Small and Mid-Cap Risk:** Stocks of small or emerging companies may have less liquidity than those of larger, established companies and may be subject to greater price volatility and risk than the overall stock market.
- **Diversification Risk:** Investments that are concentrated in one or few industries or sectors may involve more risk than more diversified investments, including the potential for greater volatility.

## Item 9 Disciplinary Information

In the past ten years, we have not been involved in any material disciplinary events as an investment adviser. The disciplinary events listed below are related to the activities of USBI acting in our capacity as a broker-dealer.

### Reserve Requirement

The NASD alleged violations of NASD Conduct Rule 2110 and SEC Rule 15c3-3, by failing to properly compute our reserve requirement and incurring a reserve deficiency. We submitted a letter of Acceptance, Waiver & Consent on 1-23-2003 for the purpose of proposing a settlement of these alleged rule violations. Without admitting or denying the allegations, we agreed to pay a penalty of \$2,500.

### Auction Rate Securities

FINRA alleged the following rule violations:

NASD rules 2110, 2211, and 3010(a) and 3010(b) and MSRB rule G-27:

- Used sales materials that were not fair and balanced and did not provide a sound basis for evaluating the facts in regard to purchases of Auction Rate Securities (ARS).
- The materials used failed to adequately disclose the risks of investing in ARS, that investments in ARS could become illiquid, and that customers might be unable to obtain access to funds invested in ARS for substantial periods of time.
- Failed to establish and maintain adequate procedures, including written procedures, reasonably designed to ensure that it marketed and sold ARS in compliance with federal securities laws and applicable NASD and/or MSRB rules.
- Failed to maintain procedures reasonably designed to ensure registered representatives accurately described ARS during sales presentations and that representatives provided customers with adequate disclosure of the risks of ARS, including the risk that ARS auctions could fail and investments could become illiquid.
- Added ARS to its approved product list without using our usual due diligence process.
- Failed to provide adequate training to registered representatives regarding the features and characteristics of ARS and the differences between ARS and other investments.

We submitted a letter of Acceptance, Waiver & Consent for the purpose of proposing a settlement of the alleged rule violations previously described.

Without admitting or denying the allegations, we agreed to a censure and fine of \$275,000. The terms of the letter of Acceptance Waiver & Consent were accepted by FINRA on 2-12-10. The fine was paid on 3-9-10.

### Callable Certificates of Deposit

The NASD alleged violations of NASD conduct Rule 2110, 2340, 3110 and SEC Rule 17A-3 in connection with offers and sales of Callable Certificates of Deposits, that we, acting through our registered representatives, made material misrepresentations of fact regarding Callable Certificates of Deposits.

We submitted a letter of Acceptance, Waiver & Consent for the purpose of proposing a settlement of the alleged rule violations previously described. Without admitting or denying the allegations, we firm agreed to pay a censure and monetary fine of \$75,000. The terms of the letter of Acceptance, Waiver & Consent was accepted by the NASD on 12-31-03.

## Item 10 Other Financial Industry Activities and Affiliations

We are an affiliate of U.S. Bank, National Association, a national bank, providing traditional banking and trust services. In addition to providing financial advice to clients, some Financial Advisors may offer insurance and investment products through our affiliates. Financial Advisors may also be licensed insurance agents of U.S. Bancorp Insurance Services, LLC, an affiliate.

Financial Advisors may refer clients who request portfolio management and trust services to our affiliates. Clients may incur additional charges for such services provided by affiliates.

Financial Advisors may utilize First American Money Market Funds, mutual funds that are advised by U.S. Bancorp Asset Management, Inc., an affiliate. Mutual funds, including First American Money Market Funds, charge their own management and other fees as set forth in the fund's prospectus.

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

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### Code of Ethics Description

Financial Advisors are subject to the U.S. Bancorp Investments, Inc. Investment Adviser Code of Ethics ("the Code"). We understand that our business is built on trust – trust between you and us, our suppliers, our business partners and one another. The Code covers a wide range of business practices and procedures for carrying out each employee's responsibilities on our behalf and observing the highest standards of ethical conduct. Our employees must conduct themselves according to these standards and must seek to avoid even the appearance of improper behavior. The Code prohibits use of material non-public information and regulates personal securities trading by employees. Our employees are responsible for reviewing the Code annually and for acting in compliance with the Code.

In addition to the Code, all of our employees also agree to abide by the U.S. Bank Code of Ethics and Business Conduct. It represents building values of our organization and helps instill ethically sound behavior and accountability among our employees. Every employee certifies compliance with our standards annually.

We will provide copies of both upon request.

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### How the Firm Handles Conflict

As a matter of practice, we make investments in various securities for our benefit, but these securities are not offered to our retail clients. There is no discussion that occurs between our traders who handle our client orders and the traders that handle our business, because we



consider that self-dealing. As such, we generally do not trade securities with you on a principal basis without your consent.

Should a situation arise that an investment made for our benefit was considered appropriate for retail clients, the investment would go through a rigorous due diligence process to ensure it was an appropriate investment. Also, your risk tolerance would need to be matched with the risk of the investment.

From time to time, Financial Advisors and other employees of ours may purchase securities for their personal accounts that are available to our clients. In such cases, Financial Advisors will not effect transactions for their personal accounts which would be contrary to recommendations being made to you. In addition, these Financial Advisors will not compete with clients in connection with such transactions.

Our Financial Advisors' personal trading accounts are monitored so that you are treated fairly, and the securities purchased for you are done so prior to a Financial Advisor personal transaction.

## **Item 12 Brokerage Practices**

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### **Brokerage Selection**

The firm's broker-dealer division executes trades on behalf of our advisory clients. We do not require you to direct us to execute transactions through a specific broker. In instances where you designate the use of other brokers to execute transactions, you may bear the third-party costs and transactions fees that arise from the use of a broker-dealer other than USBI, or costs attributable to dealer mark-ups, mark-downs or "spreads."

When you direct brokerage to other broker-dealers, we may not be authorized to negotiate commissions and we may not be able to obtain volume discounts or best execution. In addition, under these circumstances, a disparity in commission charges may exist between the commissions charged to clients who direct us to use a particular broker or dealer and other clients who trade through USBI.

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### **Soft Dollars**

We do not currently participate in any soft dollar arrangements.

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### **Client Referrals**

From time to time, U.S. Bank, National Association, an affiliate, may pay a nominal fee to their employees to refer clients to us that may result in advisory services.

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### **Order Aggregation**

Although each of our accounts is individually managed, there may be times when we aggregate our transactions in order to achieve a trade minimum. In most instances, transactions for client accounts are traded separately from other clients.



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## Best Execution

Trades for our advisory clients are reviewed as part of USBI best execution review. We are obligated to provide best execution of customer orders. A sampling of trades is reviewed monthly by a best execution committee. This committee reviews the overall execution quality of those sampled trades. The review is documented and maintained with our records.

## Item 13 Review of Accounts

We have various policies and procedures applicable to the review and supervision of client accounts in our Programs. Those policies are designed to comply with the requirements of the Investment Advisers Act of 1940, and where applicable, ERISA and other applicable rules and regulations.

We generally review the managed accounts at least quarterly. Your Financial Advisor will review your accounts with you. During this review, the Financial Advisor may recommend changes in that reflect the changing needs of your situation. At that time you will need to inform us of any changes in your financial condition, goals or objectives that would affect the management of your account.

Periodically, reviews are conducted on selected accounts to conform to company policies and procedures. In addition, we review a percentage of accounts on a random basis during the quarter.

We will review your account at any time you request

We offer a detailed consolidated quarterly investment performance evaluation report. In addition, you will receive a periodic brokerage statement from the custodian reflecting all the holdings and activity in your account during the previous month, unless you specify otherwise. We urge you to compare our reports with the statements received from the custodian.

The financial planning services are not considered on-going advice. We do not review the financial planning analysis, your financial situation or any other matter on an ongoing basis. Our advice is solely contained in the financial planning report that is prepared for you.

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## Item 14 Client Referrals and Other Compensation

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### Client Referrals

We do not pay any person or entity for client referrals.

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### Other Compensation

From time to time, we may offer an incentive program to our Financial Advisors to encourage an increase in assets under management or an increase in sales. These programs may include sales awards such as trips or other prizes. In addition, some Financial Advisors may be eligible for other compensation upon joining our firm. This could include an upfront cash advance subject to a repayment agreement, one or more backend bonuses, or both.

## Item 15 Custody

Assets in the managed accounts are held by USBI as a custodian, or Fidelity Brokerage Services, LLC, depending when your account was opened. The custodians provide periodic account statements which you should thoroughly review. We urge you to compare the quarterly reports received from us with the statement received from the custodian.

If you elect to open an account with USBI to implement all or a portion of a financial plan, assets in the accounts are typically held by USBI as a custodian. We provide periodic account statements which you should thoroughly review.

## Item 16 Investment Discretion

We do not have any discretionary authority over client assets.

## Item 17 Voting Client Securities

As a matter of policy, we do not vote proxies on your behalf. We provide no advice to you for specific voting issues. Generally, you retain sole responsibility for voting. However, some managed accounts will permit or require that proxy voting be handled by another party. In those situations, you may obtain a copy of the appropriate proxy voting policy upon request and without charge.

You will receive proxies and other company solicitations for the securities you own from the custodian or transfer agent.

If you have questions regarding voting proxies in general, you may contact your Financial Advisor.

## Item 18 Financial Information

A balance sheet is not required in this Firm Brochure because we do not require prepayment of fees more than three months in advance. If you would like financial information about our firm, please refer to our Statement of Financial Condition found on our web site.