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Date: March 18<sup>th</sup>, 2011

We are pleased to provide you with our annual business brochure in the new format. It remains on file with the required regulatory authorities.

Thank you for your business; it's a pleasure to serve you.

Sincerely,

A handwritten signature in black ink, appearing to read "Les Jepsen".

Les Jepsen  
Chief Executive Officer  
Jepsen Financial

This brochure provides information about the qualifications and business practices of Jepsen Enterprises, Inc. DBA Jepsen Financial ("The Adviser") ("The Firm"). If you have any questions about the contents of this brochure, please contact us at 651-264-1979. 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.

Jepsen Financial is a Registered Investment Adviser. Registration of an Investment Adviser does not imply a certain level of skill or training. Additional information about Jepsen Financial is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the SEC disclosure document that we provide to our clients. This brochure is materially different in structure, in narrative plain English format, and adds additional information. The Material Changes section of this brochure will be updated annually when material changes occur. Our brochure is always available upon request.

Continuing to utilize Charles Schwab & Co. for custody services, Jepsen Financial is licensed to write life insurance, long term care insurance, disability insurance and health insurance lines. The Firm writes business through Exclusive Insurance Brokerage, Westlake Village, California.

Under the new Wall Street Reform and Consumer Protection Act, Investment Advisers with assets under management of less than \$100 million will move from federal to state regulation by July 21<sup>st</sup>, 2011. This will not have an effect on The Firm’s business as the level of assets remains within the threshold of state regulation.

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## Item 4 – Advisory Business

Jepsen Enterprises, Inc., DBA Jepsen Financial was founded March 15<sup>th</sup>, 1995 with a 100% principal owner, Les Jepsen, who is the sole adviser associate. We partnered with Charles Schwab & Co. and Vanguard in 1995 and continue our relationship.

Jepsen Financial provides comprehensive wealth management and financial services tailored to the individual needs of a client. We sell investment management services, life insurance, disability insurance, long term care insurance, annuities, pooled investment vehicles, et al products. The Firm is paid cash by (fees, commissions, et al) or may receive economic benefit (equipment or non-research services, et al) from a non-client in connection with giving advice to clients. The Firm may or may not directly or indirectly compensates for client referrals.

Investment advice is an integral part of financial planning. In addition, The Firm advises clients regarding financial and personal goals and objectives, identification of financial issues, risk [insurance] review, net worth compilation and analysis, cash flow management, debt management, risk [variance] profile, asset allocation analysis, tax planning, portfolio and investment management (discretionary and non-discretionary), education funding/planning, retirement funding/planning, estate planning, et al.

Investment portfolios are managed on a discretionary bases, unless in the unlikely case that non-discretionary is agreed to verbally or in writing. Periodic financial reviews may be communicated to provide reminders of the specific courses of action. More frequent reviews occur but are not necessarily communicated to the client unless urgent non-discretionary changes are recommended.

Other professionals (e.g., lawyers, accountants, specialists) are engaged directly by the client on an as-needed basis. Material conflicts of interest will be disclosed to the client in the unlikely event they should occur.

The Firm provides investment supervisory services (asset management services); manages advisory accounts not involving investment supervisory services; furnishes investment advice through consultations; may issue special reports about securities; and may issue charts, graphs, formulas, or other devices which clients may use to evaluate securities.

On more than an occasional basis, The Firm furnishes advice to clients on matters not involving securities, such as financial planning matters, taxation issues, and trust services that often include estate planning. Estate planning often includes writing insurance products that may generate a commission that is paid to The Adviser and not via quarterly fee-based management.

The Adviser provides primarily uses mutual funds, exchange traded funds (ETFs), individual securities and insurance products. Clients may impose restrictions on investing in certain types of securities in the advisory agreement and/or addendums. Investment policy statements may or may not be created that reflects the client's stated goals and objectives. Agreements may not be assigned without client consent.

The amount of client assets managed on discretionary basis is \$22,100,000.00 and the amount of client assets managed on a non-discretionary basis is \$3,000,000.00 as of March 18<sup>th</sup>, 2011.

#### **Item 5 – Fees and Compensation**

The Firm is considered a Fee-Based Advisory Firm. Less than 50% of The Firm's revenue results from commissions and other compensation for the sale of investment products recommended to clients; therefore commissions do not provide primary of exclusive compensation. The Firm offers investment advisory services for a percentage of assets under management, commissions, and in rare instances, hourly charges. The Adviser does not generally charge an hourly rate for specific financial consultation; however rates for financial consultation range from \$175 per hour up to \$800 per hour depending upon the value added professional service provided. If a client is under an investment management contract this hourly fee does not apply unless a verbal consent between The Adviser and The Client and this fee will be negotiated prior to services. There are no wrap fee programs.

The fee structure in arrears, with 0.375% of assets per quarter for clients with total assets under management of \$500,000 or less; 0.3125% of total assets under management per quarter for clients with assets under management of \$500,000 and \$1,000,000. If assets under management exceed \$1,000,000, the fee is 0.25% of assets per quarter. This fee may be negotiable under very unique circumstances. Clients are debited via Schwab Institutional following the last business day of each calendar quarter (March 31, June 30, September 30 and December 31) and The Adviser is credited via Schwab Institutional account shortly after the last business day of the calendar quarter. The Firm does not assess asset-based fee on assets managed in a client's pooled investment vehicle nor the cash values in a client's life insurance contract.

The Adviser's fees are exclusive of brokerage commissions, transaction fees, mutual fund fees, and other related costs and expenses which may be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, 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. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in the fund's prospectus. Management fees for the no-load mutual funds used range from 0.09% per year to 0.59% per year. Non-Schwab mutual funds may have a higher expense ratio and are clearly detailed in the fund prospectus. Such charges, fees and commissions are exclusive of and in addition to The Adviser's fee, and shall not receive any portion of these commissions, fees, and costs. Item 12 further describes the factors that The Adviser considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

Clients will incur brokerage and other transaction costs (please see brokerage section). Securities are purchased and a commission charged via Schwab Institutional and The Adviser is not compensated. Mutual funds purchased in client accounts are no-load. Exchange traded funds ("ETFs") purchased may charge a fee between \$8.95 and \$14.95 per one thousand shares depending on the size of the client's account and whether they elect online statements. If a Schwab custodial client agrees to electronic statement delivery, client may be charged a lesser rate by Schwab.

Clients need not pay fees in advance. If a pre-paid fee is paid, a client may request a pro-rated refund prior to the end of the billing period. Mutual funds recommended and purchased are no load funds. Clients have option to purchase recommended investment products through other unaffiliated brokers.

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

In some cases, The Adviser has entered into performance fee arrangements with qualified clients: such fees are subject to individualized negotiation with each such client. The Adviser will structure any performance or incentive fee arrangement subject to Section 205(a)(1) of the Investment Advisors Act of 1940 (The Advisors Act) in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. In measuring clients' assets for the calculation of performance-based fees, The Adviser shall include realized and unrealized capital gains and losses. Performance based fee arrangements may create an incentive for The Adviser to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. The Adviser has procedures designed and implemented to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients.

#### **Item 7 – Types of Clients**

The Adviser generally provides investment advice to high net worth individuals, businesses, pooled investment vehicles, corporate pension and profit-sharing plans, insurance companies, charitable institutions, foundations, endowments, municipalities, private investment funds, trusts and estates.

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

The Advisor obtains information from a wide variety of sources, including financial newspapers and magazines; annual reports, prospectuses and filings with the SEC; company press releases; inspection of corporate activities; corporate ratings services and research materials prepared by others. The Adviser's security analysis methods include primarily fundamental with some technical and charting included. The investment strategies used to implement any investment advice given to clients include long-term purchases (securities held at least a year), short-term purchases (securities held less than a year), some trading (securities sold within 30 days), and in some specific cases, margin transactions, option writing including covered options, uncovered options or spreading strategies. The ultimate recommendations and actions (see client responsibilities below) are solely upon the professional judgment of The Advisor and shall discern as to the specific securities chosen as well as the timing, price and shares.

The primary investment strategy used on client accounts is strategic asset allocation using a core and satellite approach. We use passively-managed indexes and exchange-traded funds (ETFs) as the core investments, then MAY add individual securities such as individual stocks, specialized index and ETFs to round out the portfolio mix. Portfolios may be globally diversified to control the risk associated with traditional markets. We are NOT the place to "trade stocks for you" or be your "traditional stock broker", it's not us.

The Firm's client portfolios are monitored on an ongoing basis. The calendar may be the primary triggering factor. Periodic changes in the investments selected may be made to assure The Adviser's standards of management and to provide ongoing asset allocation. Reviews are made periodically by The Adviser, and will make changes deemed necessary by The Adviser. If a client wishes by chance to be involved with the securities buy and sell process, The Adviser may not be readily available during the course of the day to make the trade based on a specific client request. If you wish to do so, online accesses need to be set up via client request well in advance.

**Responsibilities of Client** - The Client agrees to provide various financial information including personal and financial goals; assets and liabilities; income and expenses; tax, insurance and estate documents; risk tolerance and other as requested to Advisor which shall be treated as confidential. The Client agrees to promptly notify Advisor of any material changes in The Client's financial information.

**Acceptance of Risk** - Investing in securities involves risk of loss that clients should be prepared to bear. All investments have upside and downside risk including market risk, interest rate risk, inflation risk, specific risk, political risk, currency risk, reinvestment risk, business risk, liquidity risk, financial risk, et al. Several indices arithmetic and geometric returns from 1972-Present are shown below along with the annual variance and highest and lowest return. Average annual arithmetic return prior to fees +/- the annual variance will occur with 67% confidence, with +/- 2x annual variance with 95% confidence, and with +/- 3x annual variance with 99% confidence. Increase in time horizon decreases annual variance. The Advisor does not guarantee the future performance of any index, asset class, security or portfolio and past performance is not an indicator of future results. To summarize in layman's terms,

investments have high upside as well as high downside risk each year. Over several years, the variance (risk) decreases in a highly diversified, managed portfolio of stocks and/or bonds.

<b>Asset Class (1972-Present)</b>	<b>Arithmetic Annual Return</b>	<b>Geometric Annual Return</b>	<b>Annual Variance</b>	<b>Highest Return</b>	<b>Lowest Return</b>
Small Company U.S. Stocks	13.6%	10.7%	+/- 24.5%	65.7% (1975)	-39.0% (1973)
Large Company U.S. Stocks	11.6%	9.9%	+/- 18.6%	37.4% (1995)	-37.0% (2008)
European Stocks	14.0%	11.4%	+/- 23.6%	70.0% (1986)	-46.4% (2008)
Emerging Markets Stocks (1988-Present)	21.0%	15.1%	+/- 36.3%	74.8% (1993)	-53.3% (2008)
High Yield Corporate Bonds (1992-Present)	9.2%	8.0%	+/- 17.0%	58.2% (2009)	-26.2% (2008)
Long Term U.S. Treasury Bonds	9.0%	8.4%	+/- 11.8%	40.4% (1982)	-12.9% (2009)
Intermediate U.S. Treasury Bonds	7.6%	7.5%	+/- 6.2%	29.1% (1982)	-5.1% (1994)
90 Day US Treasury / Money Market	5.6%	5.6%	+/- 3.2%	14.7% (1981)	0.1% (2009)
Inflation	4.5%	4.5%	+/- 3.2%	14.3% (1980)	-0.4% (2009)

### **Item 9 - Disciplinary Information**

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

### **Item 10 – Other Financial Industry Activities and Affiliations**

The Firm is affiliated with Charles Schwab & Co. (see Item 12). The Firm offers life insurance, disability insurance and long term care insurance via Exclusive Insurance Brokerage, 650 Hampshire Road, Suite 214, Westlake Village, CA. The Firm may also write health insurance business via Assurity Insurance Co., 5126 K St, Lincoln, NE. The Firm is also affiliated with Realty Pro LLC, Blaine, MN. The firm's principal is a license real estate agent with the real estate brokerage. Commissions may or may not be paid to The Firm as a result of buying and selling real estate. No material conflict of interest results. Nathan Jepsen, who is a Certified Public Accountant (CPA), provides accounting services and tax planning for many of The Firm's clients. No direct compensation is paid by either party for referrals. His business and fees are separate from The Firm's business.

### **Item 11 – Code of Ethics**

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

The Adviser anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which The Adviser has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which The Adviser its affiliates and/or clients, directly or indirectly, have a position of interest. The Adviser's employees and persons associated with The Adviser are required to follow The Adviser's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of The Adviser and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for The Adviser's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of The Adviser will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of The Adviser's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between The Adviser and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with The Adviser's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. The Adviser will retain records of the trade order (specifying each participating

account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

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

## **Item 12 – Brokerage Practices**

**The Custodians and Brokers We Use** – Jepsen Financial does not maintain custody of your assets on which we advise, although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (see *Item 15 – Custody*, below). Your assets must be maintained in an account at a "qualified custodian," generally a broker/dealer or bank. We recommend that our clients use Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account as described below (see *"Your Brokerage and Custody Costs"*). We also manage assets outside of Schwab via TIAA-CREF, Fidelity, Vanguard, ING, E-trade, et al. These assets are generally held at non-Schwab custodians for a particular reason for a client. We do not debit fees indirectly from these non-Schwab accounts on a quarterly basis (see *Item 5 – Fees and Compensation*).

**How We Select Brokers/Custodians** - We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs], etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, and stability
- Prior service to us and our other clients
- Availability of other products and services that benefit us, as discussed below (see *"Products and Services Available to Us from Schwab"*)

**Your Brokerage and Custody Costs** – For our clients' accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. This commitment benefits you because the overall commission rates you pay are lower than they would be otherwise. In addition to commissions, Schwab charges you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account. We have determined that having Schwab execute most trades is consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see *"How We Select Brokers/Custodians"*).

**Products and Services Available to Us from Schwab** – Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab’s business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage— trading, custody, reporting, and related services—many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients’ accounts; while others help us manage and grow our business. Schwab’s support services generally are available on an unsolicited basis (we don’t have to request them) and at no charge to us as long as our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. If our clients collectively have less than \$10 million in assets at Schwab, Schwab may charge us quarterly service fees of \$1,200. Following is a more detailed description of Schwab’s support services:

**Services That Benefit You** – Schwab’s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab’s services described in this paragraph generally benefit you and your account.

**Services That May Not Directly Benefit You** – Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients’ accounts. They include investment research, both Schwab’s own and that of third parties. We may use this research to service all or a substantial number of our clients’ accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients’ accounts
- Assist with back-office functions, recordkeeping, and client reporting

**Services That Generally Benefit Only Us** – Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party’s fees. Schwab may also provide us with other benefits, such as occasional business entertainment of our personnel.

**Our Interest in Schwab’s Services** – The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don’t have to pay for Schwab’s services so long as our clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum may give us an incentive to recommend that you maintain your account with Schwab, based on our interest in receiving Schwab’s services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. We believe that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab’s services (see *“How We Select Brokers/Custodians”*) and not Schwab’s services that benefit only us. We have well over \$10 million in client assets under management, and we do not believe that recommending our clients to collectively maintain at least \$10 million of those assets at Schwab in order to avoid paying Schwab quarterly service fees present a material conflict of interest.

Soft dollar benefits are not limited to those clients who may have generated a particular benefit although certain soft dollar allocations are connected to particular clients or groups of clients. Soft dollar benefits are not proportionally allocated to any accounts that may generate different amounts of the soft dollar benefits.

### **Item 13 – Review of Accounts**

The Adviser’s client portfolios are monitored on an ongoing basis. The calendar is the triggering factor. Periodic changes in the investments selected may be made to assure The Adviser’s standards of management and to provide ongoing asset allocation. Reviews are typically made quarterly by The Adviser, and will make changes to the portfolio as deemed necessary by The Adviser. The number of accounts assigned is unlimited. If a client wishes to be involved with the securities buy and sell process, The Adviser may not be readily available during the course of the day or week to make the trade based on a specific client request.

Reports via Schwab Institutional are mailed out following the last business day of each calendar month. Reports via other custodians (i.e. The Vanguard Group, TIAA-CREF, ING, Fidelity, E-Trade, et al) may be mailed out following the last business day of the each calendar quarter. Other reports such as asset allocation, internal rate of portfolio return, and others are mailed out on a discretionary basis by The Adviser or upon request by the client.

#### **Item 14 – Client Referrals and Other Compensation**

We may or may not receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12 – Brokerage Practices). The availability to us of Schwab’s products and services is not based on us giving particular investment advice, such as buying particular securities for our clients. Any arrangement for direct or indirect compensation to a person or entity for client referral(s) shall be in writing with The Adviser, the client, and the referring entity.

#### **Item 15 – Custody**

We are deemed to have a limited form of custody of assets by authorizing instruction of Schwab to deduct our advisory fees directly from your account. You should review those statements upon receipt. Schwab’s statements are sent to your address and/or email of record monthly. Clients should receive via email or US mail at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client’s investment assets. We recommend you to review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

#### **Item 16 – Investment Discretion**

The Adviser normally receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. Investment guidelines and restrictions must be provided to The Adviser in writing.

When selecting securities and determining amounts, The Adviser observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, The Adviser’s authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

#### **Item 17 – Voting Client Securities**

Clients by default via the account application completion by The Adviser retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. The Client shall vote or abstain on all proxies issued by issuers of securities owned and ultimately make elections relative to any event. The Adviser may provide advice to clients regarding the clients’ voting of proxies. Clients may obtain a copy of The Adviser’s complete proxy voting policies and procedures upon request. If in the unlikely event that The Adviser has agree to vote proxies for a client, the client may also obtain information from The Adviser about how The Adviser voted any proxies on behalf of their account(s).

#### **Item 18 – Financial Information**

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

#### **Item 19 – Requirements for State-Registered Advisers**

[See Supplement – Part 2B, Item 2]

[See Supplement – Part 2B, Item 4]

## **Supplement – Part 2B**

### **Item 1 – Cover Page**

Les Jepsen  
Jepsen Financial  
8075 9<sup>th</sup> Street Way N  
Saint Paul, MN 55128  
Phone: (651) 264-1979  
Date: March 18<sup>th</sup>, 2011

This brochure supplement provides information about Les Jepsen that supplements the Jepsen Financial brochure. You should have received a copy of that brochure. Please contact Jepsen Financial if you did not receive Jepsen Financial's brochure or if you have any questions about the contents of this supplement. Additional information about Les Jepsen is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### **Item 2 – Educational Background and Business Experience**

Les Jepsen, 1967-06-24, has been President and CEO of Jepsen Financial since March, 1995. He is the principal executive officer and management person. He has a degree in Management Information Systems from The University of Iowa, and also a M.B.A. from The University of Iowa with an emphasis in Finance and Marketing. For the preceding five years, he has continued to be CEO of The Firm.

### **Item 3 – Disciplinary Information**

There are no current or past legal or disciplinary events material to a client's or prospective client's evaluation

### **Item 4 – Other Business Activities**

Mr. Jepsen holds a Minnesota resident insurance license, holds several non-resident state insurance licenses. As a full service wealth management firm, Mr. Jepsen represents the firm as Jepsen Financials sole insurance consultant, offering life insurance, long term care insurance, disability insurance, health insurance, and potentially others. This activity represents more than 10% of his time and income, so it may be considered a material business activity. It does not create a material conflict of interest with clients.

Mr. Jepsen currently spends a portion of his time as manager of pooled investment vehicles that invest in real estate. This activity currently represents less than 10% of both his time and income. It does not create a material conflict of interest with clients.

Mr. Jepsen also has held real estate licenses in Minnesota and Wisconsin since 2002, which allows negotiations and sale of real estate. Commissions are paid via Realty Pro LLC in Blaine, MN. This activity currently represents less than 10% of his time. It may represent more than 10% of his income, depending on the size and number of the real estate transactions in a given year. It does not create a material conflict of interest with clients.

### **Item 5 – Additional Compensation**

Mr. Jepsen, either individually or via an entity that Mr. Jepsen owns (i.e. Jepsen Enterprises, Inc., et al) may receive commissions from real estate transactions (see item 4). The commission is generally 3% of the property value for a successful listing transaction and 3% of the property value for a successful purchase transaction, and is not a salaried activity. A client of Jepsen Financial may also buy or sell real estate through Mr. Jepsen, which does not create a material conflict of interest. Mr. Jepsen may also accept incoming and give outgoing referrals to other real estate agents nationwide. A client or potential client may be referred to Mr. Jepsen or Mr. Jepsen may refer a current client as a real estate buyer or seller. This does not create a material conflict of interest.

Mr. Jepsen may be the managing member or affiliate of the general partner of a pooled investment vehicle. He may or may not receive compensation from the pooled investment vehicle as managing member. (See Item 6)

### **Item 6 – Supervision**

Les Jepsen, President and CEO is the person responsible for supervising any supervised person's activities on behalf of The Firm. Currently there are no supervised persons other than administrative assistants that are employees of The Firm.