



**DAVID R. KERN**

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**ASSET MANAGEMENT**  
*Dynamic Asset Allocation Strategies*

**ADV**

**Part II**

**Brochure Rule 204-3**

16616 Lima Road, Huntertown, IN 46748  
Phone 260-637-1019 Toll Free 800-870-5727 Fax 260-637-1373

**FORM ADV**

**Uniform Application for Investment Adviser Registration**

**Part II - Page 1**

OMB APPROVAL	
OMB Number:	3235-0049
Expires:	February 28, 2011
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Hours per response...	.4.07

Name of Investment Adviser: <b>David R. Kern Asset Management</b>				
Address: (Number and Street)	(City)	(State)	(Zip Code)	Area Code: Telephone Number:
<b>16616 Lima Rd.</b>	<b>Huntertown</b>	<b>IN</b>	<b>46748</b>	<b>( 260) 637-1019</b>

**This part of Form ADV gives information about the investment adviser and its business for the use of clients. The information has not been approved or verified by any governmental authority.**

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**(Schedules A, B, C, D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)**

**Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

Applicant: <b>David R. Kern Asset Management</b>	SEC File Number: <b>801-62815</b>	Date: <b>03/30/2010</b>
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1. **A. Advisory Services and Fees.** (check the applicable boxes) For each type of service provided, state the approximate % of total advisory billings from that service. **Estimate** (See instruction below.)
- Applicant:**
- |  |              |
|--|--------------|
| <input checked="" type="checkbox"/> (1) Provides investment supervisory services . . . . .   | <u>98%</u>   |
| <input type="checkbox"/> (2) Manages investment advisory accounts not involving investment supervisory services . . . . .  | <u>    %</u> |
| <input type="checkbox"/> (3) Furnishes investment advice through consultations not included in either service described above . . . . .  | <u>    %</u> |
| <input type="checkbox"/> (4) Issues periodicals about securities by subscription . . . . .   | <u>    %</u> |
| <input type="checkbox"/> (5) Issues special reports about securities not included in any service described above . . . . .   | <u>    %</u> |
| <input type="checkbox"/> (6) Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities . . . . . | <u>    %</u> |
| <input type="checkbox"/> (7) On more than an occasional basis, furnishes advice to clients on matters not involving securities . . . . .   | <u>    %</u> |
| <input type="checkbox"/> (8) Provides a timing service . . . . .   | <u>    %</u> |
| <input checked="" type="checkbox"/> (9) Furnishes advice about securities in any manner not described above . . . . .  | <u>2%</u>    |

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

- B. Does applicant call any of the services it checked above financial planning or some similar term? . . . . .
- |  |                              |  |
|--|------------------------------|--|
|  | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
|--|------------------------------|--|

- C. Applicant offers investment advisory services for: (check all that apply)
- |  |  |
|--|--|
| <input checked="" type="checkbox"/> (1) A percentage of assets under management      | <input type="checkbox"/> (4) Subscription fees |
| <input type="checkbox"/> (2) Hourly charges  | <input type="checkbox"/> (5) Commissions       |
| <input checked="" type="checkbox"/> (3) Fixed fees (not including subscription fees) | <input checked="" type="checkbox"/> (6) Other  |

- D. For each checked box in A above, describe on Schedule F:
- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
  - applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
  - when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

2. **Types of clients** - Applicant generally provides investment advice to: (check those that apply)
- |   |  |
|---|--|
| <input checked="" type="checkbox"/> A. Individuals                      | <input checked="" type="checkbox"/> E. Trusts, estates, or charitable organizations                    |
| <input type="checkbox"/> B. Banks or thrift institutions                | <input checked="" type="checkbox"/> F. Corporations or business entities other than those listed above |
| <input type="checkbox"/> C. Investment companies                        | <input type="checkbox"/> G. Other (describe on Schedule F)   |
| <input checked="" type="checkbox"/> D. Pension and profit sharing plans |  |

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).**

Applicant:

David R. Kern Asset Management

SEC File Number:

801- 62815

Date:

03/30/2010

**3. Types of Investments.** Applicant offers advice on the following: (check those that apply)

- |                                     |   |                          |  |
|-------------------------------------|---|--------------------------|--|
| <input type="checkbox"/>            | A. Equity securities  | <input type="checkbox"/> | H. United States government securities     |
| <input type="checkbox"/>            | (1) exchange-listed securities                                |                          |  |
| <input type="checkbox"/>            | (2) securities traded over-the-counter                        | <input type="checkbox"/> | I. Options contracts on:                   |
| <input type="checkbox"/>            | (3) foreign issues  | <input type="checkbox"/> | (1) securities                             |
|                                     |   | <input type="checkbox"/> | (2) commodities                            |
| <input type="checkbox"/>            | B. Warrants   |                          | J. Futures contracts on:                   |
| <input type="checkbox"/>            | C. Corporate debt securities<br>(other than commercial paper) | <input type="checkbox"/> | (1) tangibles                              |
|                                     |   | <input type="checkbox"/> | (2) intangibles                            |
| <input type="checkbox"/>            | D. Commercial paper   |                          | K. Interests in partnerships investing in: |
| <input type="checkbox"/>            | E. Certificates of deposit                                    | <input type="checkbox"/> | (1) real estate                            |
| <input type="checkbox"/>            | F. Municipal securities                                       | <input type="checkbox"/> | (2) oil and gas interests                  |
|                                     |   | <input type="checkbox"/> | (3) other (explain on Schedule F)          |
|                                     | G. Investment company securities:                             | <input type="checkbox"/> | L. Other (explain on Schedule F)           |
| <input checked="" type="checkbox"/> | (1) variable life insurance                                   |                          |  |
| <input checked="" type="checkbox"/> | (2) variable annuities  |                          |  |
| <input checked="" type="checkbox"/> | (3) mutual fund shares  |                          |  |

**4. Methods of Analysis, Sources of Information, and Investment Strategies.**

## A. Applicant's security analysis methods include: (check those that apply)

- |   |   |
|---|---|
| (1) <input checked="" type="checkbox"/> Charting    | (4) <input checked="" type="checkbox"/> Cyclical                      |
| (2) <input checked="" type="checkbox"/> Fundamental | (5) <input checked="" type="checkbox"/> Other (explain on Schedule F) |
| (3) <input checked="" type="checkbox"/> Technical   |   |

## B. The main sources of information applicant uses include: (check those that apply)

- |   |   |
|---|---|
| (1) <input checked="" type="checkbox"/> Financial newspapers and magazines    | (5) <input checked="" type="checkbox"/> Timing services   |
| (2) <input type="checkbox"/> Inspections of corporate activities              | (6) <input type="checkbox"/> Annual reports, prospectuses, filings with the<br>Securities and Exchange Commission |
| (3) <input checked="" type="checkbox"/> Research materials prepared by others | (7) <input type="checkbox"/> Company press releases   |
| (4) <input checked="" type="checkbox"/> Corporate rating services             | (8) <input checked="" type="checkbox"/> Other (explain on Schedule F)   |

## C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- |  |  |
|--|--|
| (1) <input checked="" type="checkbox"/> Long term purchases<br>(securities held at least a year) | (5) <input type="checkbox"/> Margin transactions   |
| (2) <input checked="" type="checkbox"/> Short term purchases<br>(securities sold within a year)  | (6) <input type="checkbox"/> Option writing, including covered options, uncovered<br>options or spreading strategies |
| (3) <input checked="" type="checkbox"/> Trading (securities sold within 30 days)                 | (7) <input checked="" type="checkbox"/> Other (explain on Schedule F)  |
| (4) <input type="checkbox"/> Short sales   |  |

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

Applicant: <b>David R. Kern Asset Management</b>	SEC File Number: <b>801-62815</b>	Date: <b>03/30/2010</b>
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**5. Education and Business Standards.**

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? ..... Yes No  
   
(If yes, describe these standards on Schedule F.)

**6. Education and Business Background.**

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- |                 |  |
|-----------------|--|
| • name          | • formal education after high school               |
| • year of birth | • business background for the preceding five years |

**7. Other Business Activities.** (check those that apply)

- A. Applicant is actively engaged in a business other than giving investment advice.
- B. Applicant sells products or services other than investment advice to clients.
- C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

**8. Other Financial Industry Activities or Affiliations.** (check those that apply)

- A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:
- |  |  |
|--|--|
| <input type="checkbox"/> (1) broker-dealer   | <input type="checkbox"/> (7) accounting firm                                       |
| <input type="checkbox"/> (2) investment company  | <input type="checkbox"/> (8) law firm  |
| <input type="checkbox"/> (3) other investment adviser  | <input type="checkbox"/> (9) insurance company or agency                           |
| <input type="checkbox"/> (4) financial planning firm   | <input type="checkbox"/> (10) pension consultant                                   |
| <input type="checkbox"/> (5) commodity pool operator, commodity trading adviser or futures commission merchant | <input type="checkbox"/> (11) real estate broker or dealer                         |
| <input type="checkbox"/> (6) banking or thrift institution   | <input type="checkbox"/> (12) entity that creates or packages limited partnerships |

(For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest?..... Yes No

(If yes, describe on Schedule F the partnerships and what they invest in.)

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**9. Participation or Interest in Client Transactions.**

Applicant or a related person: (check those that apply)

- A. As principal, buys securities for itself from or sells securities it owns to any client.
- B. As broker or agent effects securities transactions for compensation for any client.
- C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- E. Buys or sells for itself securities that it also recommends to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

Describe, on Schedule F, your code of ethics, and state that you will provide a copy of your code of ethics to any client or prospective client upon request.

- 10. Conditions for Managing Accounts.** Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services *and* impose a minimum dollar value of assets or other conditions for starting or maintaining an account? . . . . . Yes No
- (If yes, describe on Schedule F.)

**11. Review of Accounts.** If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly termed services:

- A. Describe below the reviews and reviewers of the accounts. **For reviews**, include their frequency, different levels, and triggering factors. **For reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

**See Schedule F, Item 11.A.**

- B. Describe below the nature and frequency of regular reports to clients on their accounts.

**See Schedule F, Item 11.B.**

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**12. Investment or Brokerage Discretion.**

- A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:
- |  |   |  |
|--|---|--|
| (1) securities to be bought or sold? .....               | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/>            |
| (2) amount of the securities to be bought or sold? ..... | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/>            |
| (3) broker or dealer to be used? .....                   | Yes <input type="checkbox"/>            | No <input checked="" type="checkbox"/> |
| (4) commission rates paid? .....                         | Yes <input type="checkbox"/>            | No <input checked="" type="checkbox"/> |

- B. Does applicant or a related person suggest brokers to clients? ..... Yes  No

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for products and research services received.

**13. Additional Compensation.**

Does the applicant or a related person have any arrangements, oral or in writing, where it:

- A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? ..... Yes  No
- B. directly or indirectly compensates any person for client referrals? ..... Yes  No

(For each yes, describe the arrangements on Schedule F.)

**14. Balance Sheet.** Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities unless applicant is registered or registering only with the Securities and Exchange Commission; or
  - requires prepayment of more than \$500 in fees per client and 6 or more months in advance
- Has applicant provided a Schedule G balance sheet? ..... Yes  No

Applicant:	SEC File Number:	Date:
David R. Kern Asset Management	801- 62815	03/30/2010

Item of Form (identify)	Answer
Item 1.D.	<p><b>Advisory Services and Fees</b></p> <p>Advantage Financial Planning, Inc., d/b/a David R. Kern Asset Management (hereinafter "DRKAM" or the "Firm") offers personalized investment advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities. Individuals associated with DRKAM will provide its investment advisory services. Such individuals are known as Investment Adviser Representatives (IARs). The Firm's services and fee arrangements are described in the following pages.</p> <p>Advantage Financial Planning, Inc. is a corporation formed under the laws of Indiana. This Schedule F narrative provides Clients with information regarding DRKAM and the qualifications, business practices, and nature of advisory services that should be considered before becoming an advisory Client of DRKAM. In providing continuous investment management services, DRKAM trades client accounts on a fully discretionary basis.</p> <p>DRKAM's principal and affiliated persons are also registered representatives of Questar Capital Corp., a registered broker/dealer and a member of the Financial Industry Regulatory Authority ("FINRA") and Securities Investor Protection Corporation ("SIPC").</p> <p>Please contact David R. Kern, President/Secretary/Chief Compliance Officer if you have any questions about this Schedule F narrative. Additional information about DRKAM is available on the Internet at <a href="http://www.adviserinfo.sec.gov">www.adviserinfo.sec.gov</a>. You can search this site by a unique identifying number, known as a CRD number. The CRD number for DRKAM is 115364.</p> <p>DRKAM invests client accounts using its Dynamic Asset Allocation system.</p> <p><b>Dynamic Asset Allocation:</b></p> <p>Dynamic Asset Allocation involves continuous monitoring and repositioning of investor's money between specific asset classes. DRKAM applies technical computer models to asset class prices to determine if an investor should be exposed to an asset class represented by a mutual fund or should, instead, be in a defensive money market position. If the computer model indicates that the investor should be exposed to the asset class, DRKAM purchases shares of a mutual fund representing that class. If the computer model indicates that the investor should be defensive, DRKAM sells the mutual fund shares and purchases money market shares with the proceeds until the model indicates that the investor should again have asset class exposure. An investor may be in more than one asset class at any time, and DRKAM attempts to select and weight different asset classes based on their return potential as indicated by the application of DRKAM's computer model to current market conditions. The objective of Dynamic Asset Allocation is to reduce the risk or fluctuation in the value of an investor's account while achieving higher returns than other investments with similar risk. Positions are reviewed daily with the goal of reducing exposure to downside volatility and market risk.</p> <p>DRKAM offers two sets of programs: Dynamic Portfolio Allocation Programs, and Alternative Strategies Programs. The first set of programs, called the Dynamic Portfolio Allocation Programs, are diversified portfolio allocation programs, open to all investors. These programs utilize multiple asset classes and management systems. The second set of programs, the Alternative Strategies Programs, may utilize a limited number of asset classes or sectors and are focused on a specific investment objective. They are designed for institutional investors and individual investors as a part of a more diversified portfolio.</p>

Complete amended pages in full, circle amended items and file with execution page (page 1).

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Item of Form (identify)	Answer																				
Item 1.D. (continued)	<p>The mutual fund shares and variable annuity separate accounts being traded are issued by investment companies, whose sponsors specifically market their product to frequent traders. Those sponsors do not charge transaction fees for switching among their mutual funds and money market funds. Sponsors may impose restrictions on trading in the future. DRKAM will review these restrictions and change management programs as needed.</p> <p>The mutual fund or separate account operating expenses are typically 0.5% to 3.0% annually. These mutual funds or separate accounts carry, on average, higher expenses than industry-wide average funds or separate accounts.</p> <p><b>Dynamic Portfolio Allocation Programs:</b> Dynamic Portfolio Allocation Programs include diversified actively managed portfolios utilizing multiple asset classes. Investment objectives and risk levels are achieved using limited exposure to each asset class and money management strategies. These tactical allocation programs include aggressive, capital appreciation, moderate growth, income &amp; growth, and conservative investment objectives. The minimum investment in these programs is \$50,000.</p> <p><b>Alternative Strategies Programs:</b> The Alternative Strategies Programs concentrate on a specific investment objective, asset class, or set of mutual funds in similar asset classes. These programs may not be as diversified as the Dynamic Portfolio Allocation programs. All programs are actively managed with multiple position determination strategies. These strategies use tactical allocation systems and include the use of a money market fund. They include programs called Dynamic Diversification, Absolute Return Strategies, Global Diversified Alternative, Alpha &amp; Beta, Hard Asset Alternative, Global Alpha Long &amp; Short, International Alpha Index, Natural Resource and Hard Asset, and U.S. Government Bond. The minimum investment in these programs is \$50,000.</p> <p>Following are the management annual marginal fee rates as of February 1, 2004, based on the total assets under management, for the Dynamic Portfolio Allocation and Alternative Strategies Programs.</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;">Assets management</th> <th style="text-align: center;">under</th> <th style="text-align: center;">Annual marginal rate</th> <th style="text-align: center;">fee</th> <th style="text-align: center;">Quarterly fee amount</th> </tr> </thead> <tbody> <tr> <td>\$0 – \$ 499,999</td> <td></td> <td style="text-align: center;">2.50 %</td> <td></td> <td style="text-align: center;">Ending bal × 0.006250</td> </tr> <tr> <td>\$500,000 – \$1,000,000</td> <td></td> <td style="text-align: center;">2.25 %</td> <td></td> <td style="text-align: center;">Ending bal × 0.005625 + \$312.50</td> </tr> <tr> <td>Over \$1,000,000</td> <td></td> <td style="text-align: center;">2.00 %</td> <td></td> <td style="text-align: center;">Ending bal × 0.005000 + \$937.50</td> </tr> </tbody> </table> <p>Fees are billed quarterly, in arrears, and deducted from the account. Fees for each quarter are due on the first day of the following calendar quarter and determined by applying one-quarter (1/4) of the applicable marginal annual fee rates to the quarter-ending balance of all accounts under management by DRKAM. In the event a client makes his or her first investment, or withdraws all of his or her funds, during a calendar quarter, the fee for that quarter will be prorated for the number of days in the calendar quarter during which the funds were actually under management. In the case of a deposit during a quarter, the quarterly fee for that quarter (based on the quarter-end balance) is reduced by the deposit amount times one-quarter (1/4) of the applicable marginal fee rates, prorated for the number of calendar days in the quarter before the deposit was made.</p>	Assets management	under	Annual marginal rate	fee	Quarterly fee amount	\$0 – \$ 499,999		2.50 %		Ending bal × 0.006250	\$500,000 – \$1,000,000		2.25 %		Ending bal × 0.005625 + \$312.50	Over \$1,000,000		2.00 %		Ending bal × 0.005000 + \$937.50
Assets management	under	Annual marginal rate	fee	Quarterly fee amount																	
\$0 – \$ 499,999		2.50 %		Ending bal × 0.006250																	
\$500,000 – \$1,000,000		2.25 %		Ending bal × 0.005625 + \$312.50																	
Over \$1,000,000		2.00 %		Ending bal × 0.005000 + \$937.50																	

Complete amended pages in full, circle amended items and file with execution page (page 1).

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Item of Form (identify)	Answer
<p>Item 1.D. (continued)</p>	<p>In the case of a withdrawal, that quarter's fee is increased by the withdrawal amount times one-quarter (1/4) of the applicable marginal annual fee rate, prorated for the number of calendar days in the quarter up to the date the withdrawal was taken. The fee is payable whether or not the program is profitable.</p> <p>Fees may be reduced, waived, or calculated differently with respect to certain investors.</p> <p>DRKAM shares fees it is paid with Questar Capital Corporation.</p> <p><b>Other Fee Compensation to DRKAM:</b> The principal and affiliated persons of DRKAM, in their capacities as Questar Capital Corporation Registered Representatives, may retain a portion of the mutual fund sales loads and 12b-1 fees and variable annuity commissions. Fees charged by DRKAM are separate and distinct from the fees and expenses charged by mutual funds and variable annuities that may be recommended to clients.</p> <p><b>General Information on Fees:</b> All mutual funds and variable annuities pay management fees to their investment advisers, and certain funds and variable annuities have other types of fees or charges, including 12b-1, administrative, shareholder servicing fees, or with certain share classes an early redemption fee. Life insurance sponsors of variable annuity products impose various charges on variable annuity contracts, all of which are deducted from the Net Asset Value of the funds that may be held in Client portfolios on a continuing basis. These types of fees are routinely borne by all mutual fund shareholders as an indirect expense to their accounts, and are in addition to DRKAM's management fees or charges.</p> <p>DRKAM believes that its fees are competitive with those fees charged by other investment advisers for comparable services; however, the comparable services may be available from other sources for fees lower than those charged by DRKAM.</p> <p><b>Termination:</b> DRKAM or the client may terminate the advisory agreement within five business days of the date of acceptance and execution without penalty to the client. After the five-day period, either party, upon five (5) business days' written notice to the other, may terminate the advisory agreement. The management fee will be pro-rated for the quarter in which the cancellation notice was given and any unpaid fees will be due at that time. Upon the termination of the Agreement, DRKAM shall not be under any obligation to recommend any action with regard to, or to liquidate, the securities or other investments in the Account.</p> <p><b>Other Management/Fee Arrangements:</b> DRKAM may act as an investment consultant for registered representatives of Questar Capital Corporation or other broker/dealers for client accounts placed with insurance company variable annuities, ProFunds, Rydex Funds and Direxion Funds or variable annuity policies containing those funds. DRKAM will share the fees it receives from such accounts with the referring representative under a written agreement. Investor funds are all in the custody of the mutual fund transfer agent or variable annuity insurance company sponsor separate accounts.</p> <p>DRKAM may act as an investment sub-account adviser for registered representatives of Ludeman Capital Management, a Registered Investment Adviser, whose mailing address is 2115 Barkley Blvd #101., Bellingham, WA 98226, for client accounts placed with insurance</p>

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of  
Form ADV**

**Continuation Sheet for Form ADV Part II**

Applicant: <b>David R. Kern Asset Management</b>	SEC File Number: <b>801-62815</b>	Date: <b>03/30/2010</b>
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Item of Form (identify)	Answer
<p>Item 1.D. (continued)</p>	<p>company variable annuities, ProFunds, Rydex Funds and Direxion Funds or variable annuity policies containing those funds. Investment Advisor Representatives of Ludeman Capital act as solicitors for DRKAM's programs. DRKAM will share the fees it receives from such accounts with the referring representative under a written agreement. Investor's funds are all in the custody of the mutual fund transfer agent or variable annuity insurance company sponsor separate accounts. Disclosure information about Ludeman Capital, including its ADV Part II, is available directly if requested from the address listed above.</p> <p>DRKAM may act as an investment consultant for other Registered Investment Advisor firms. In this capacity, DRKAM will provide asset allocation signals used in the Alternative Strategies Program. The RIA firm receiving the signals can choose to implement those signals with their clients using those mutual fund sponsors who do not charge transaction fees. The RIA firm will share fees it receives with DRKAM under a written agreement.</p> <p><b>401(k) Managed Programs:</b> DRKAM offers an Investment Allocation Review program using Dynamic Asset Allocation services to change asset allocation on a continual basis for employees participating in a 401(k) plan, or other employer sponsored retirement plan. Recommendations for change can occur at any time. DRKAM will implement the change if authorized by the plan participant.</p> <p>Without authorization, the investor/plan participant is responsible for implementing changes in asset allocation. Fees for this service are billed directly to the participant at the end of each quarter, and are based on a flat fee of \$500.00 plus 0.2% of assets over \$250,000, determined by the value of the investment account as of the last day of the quarter just ending. The participant can cancel the service at any time with written notice.</p> <p>Client will sign a written agreement, which will include granting DRKAM trading authority, if so desired, in order to establish an investment allocation review account.</p>
<p>Item 4.A.(5), 4.B.(8) &amp; 4.C. (7)</p>	<p><b>Methods of Analysis, Sources of Information and Investment Strategies</b> Model mutual fund and variable annuity asset allocation programs, provided by a number of institutional investment managers and strategists, may be used when managing client assets.</p>
<p>Item 5.</p>	<p><b>Education and Business Standards</b> DRKAM requires a college education and/or experience in related areas (tax planning, investments, insurance, etc.) as a minimum standard for its professional staff.</p>
<p>Item 6.</p>	<p><b>Education and Business Background</b> David R. Kern, July 22, 1947. B.S. Education, Indiana University, Bloomington, IN 1970. Licensed insurance agent since 1975. NASD Registered Representative since 1983. Questar Capital Corporation, Registered Representative, Registered Principal from January 2002 to present. Securities America, Inc., Registered Representative from April 1997 to January 2002. Fortis Investors, Inc., Registered Representative from 1983 to April 1997. President of Advantage Financial Planning, Inc. since 1987 – (providing insurance and registered representative activities).</p>

Complete amended pages in full, circle amended items and file with execution page (page 1).

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Item 7.C.	<p>President of Advantage Financial Planning, Inc. since 9/89 – (Registered Investment Adviser). Chartered Financial Consultant since 1986. Chartered Life Underwriter since October 1984. Chartered Property/Casualty Underwriter since 1980. Certified Fund Specialist since July 1994.</p> <p><b>Other Business Activities/ Participation or Interest in Client Transactions</b> <i>Recommendation of Third Party Money Managers:</i> Occasionally, David R. Kern may recommend that clients utilize asset allocation services provided by Flexible Plan Investments, Ltd., a third party SEC registered asset manager located at 3883 Telegraph Rd., Ste. 100, Bloomfield Hills, MI 48302. Mr. Kern will be available to meet with the client on a continuous basis. David R. Kern receives a solicitation fee for management accounts referred to Flexible Plan Investments, Ltd. Clients will receive a copy of the third party money manager’s ADV Part II at the time of the referral. Accepting this service based on a fee charged by Flexible Plan Investments, Ltd. is entirely up to the client’s discretion.</p> <p><i>Securities Sales Activities:</i> DRKAM’s principal and associated persons are licensed to sell securities through Questar Capital Corporation (“Questar”), a securities broker/dealer, member FINRA and SIPC. In this capacity, such associated persons of DRKAM may be involved in the sale of mutual funds and various insurance products.</p>
Item 9.B.	<p>DRKAM’s clients are advised that they have total freedom to implement recommendations through any broker/dealer of their choosing. However, If the client chooses implement recommendations made by DRKAM by purchasing mutual funds or other products through Questar, the representative may receive additional compensation in the form of commissions, including 12b-1 fees for the sale of investment company products.</p> <p>DRKAM’s principal will act in the best interest of the client by using securities products available through it’s Broker/Dealer, Questar, which provides regulatory oversight, and is required to adhere to FINRA regulations and supervise the activities of its registered representatives.</p> <p>David R. Kern will spend approximately 90% of his time providing advisory services with the remainder spent acting in his capacity as a registered representative and insurance agent.</p>
Item 9.E.	<p>DRKAM’s principal and affiliated persons may buy, sell or hold positions in securities that may be recommended to clients. Client transactions will always take precedence over transactions implemented for the principal or any affiliated person. Rules and procedures established by the Insider Trading and Securities Fraud Enforcement Act of 1988 are followed and adhered to by DRKAM.</p> <p><b>Code of Ethics</b> The DRKAM Code of Ethics is predicated on the principle that DRKAM owes a fiduciary duty to its clients. Accordingly, employees must avoid activities, interests and relationships that run contrary (or appear to run contrary) to the best interests of clients. At all times, DRKAM will:</p> <ul style="list-style-type: none"> <li>Place client interests ahead of DRKAM’s – As a fiduciary, DRKAM will serve in its clients’ best interest. In other words, employees may not benefit at the expense of</li> </ul>

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Item 10.	<p>advisory clients. This concept is particularly relevant when employees are making personal investments in securities traded by advisory clients.</p> <ul style="list-style-type: none"> <li>Engage in personal investing that is in full compliance with DRKAM's Code of Ethics – employees must review and abide by DRKAM's Personal Securities Transaction and Insider Trading policies.</li> <li>Avoid taking advantage of your position – employees must not accept investment opportunities, gifts or other gratuities from individuals seeking to conduct business with DRKAM, or on behalf of an advisory client, unless in compliance with the Gift Policy.</li> <li>Maintain full compliance with Federal Securities Laws – employees must abide by the standards set forth in Rule 204A-1 under the Advisers Act.</li> </ul> <p><b>Conditions for Managing Accounts</b></p> <p>When establishing and maintaining an account in the Dynamic Portfolio Allocation and Alternative Strategies Programs, a \$50,000 minimum is required. The Alternative Strategies Program has a minimum of \$50,000 (to qualified investors only). Exceptions made as follows:</p> <ul style="list-style-type: none"> <li>If DRKAM is third party asset manager, all business referred from the same Investment Advisor Representative is considered one account.</li> <li>An account may be opened below the minimum with the expectation that additional monies will be deposited to meet the minimum within 12 months.</li> <li>DRKAM staff and family members may establish accounts below the stated minimum.</li> </ul>
Item 11.A.	<p><b>Review of Accounts</b></p> <p>The principal and affiliated persons of DRKAM will provide the following investment advisory services:</p> <ul style="list-style-type: none"> <li>Risk Tolerance Survey completed to determine investment objectives.</li> <li>Asset Allocation Analysis for long-term "buy and hold" portfolios will be provided at investor's request to determine diversified portfolio strategy based on investment objectives and risk tolerance.</li> <li>Investment Allocation Periodic Review provides monthly monitoring of investment portfolios and recommendation for change can be made at any time.</li> <li>Asset Allocation Management Program provides continuous monitoring and change in portfolio allocations based on Dynamic Asset Allocation programs.</li> </ul> <p>Annual reviews are sent to clients in the form of an investment policy statement indicating the program and risk selected by the client. Clients are requested to respond with any changes, and may request a more frequent review of their program. Triggering factors that stimulate the review of a client's account include, but are not limited to, the following: changes in economic conditions, changes in the client's financial situation and the client's request for an additional review of the account.</p>
Item 11.B.	<p><b>Reports to Clients</b></p> <p>Reports are provided quarterly from the account custodian and performance reporting is mailed quarterly, prepared by Orion, a division of Clarke Lanzen Skalla Investment Firm, Inc., a third party reporting provider. This same service allows investors to review their accounts daily as part of a web-based program protected by password and encryption.</p>

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Item 12.A. (1) & (2)	<p><b>Investment or Brokerage Discretion</b>                      Clients may grant DRKAM complete discretion over the selection and amount of securities to be purchased or sold for their account without obtaining their prior consent or approval. However, DRKAM's investment authority may be subject to specified investment objectives, guidelines and/or conditions imposed by the client. For example, a client may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio, restrictions or prohibitions of transactions in the securities of a specific industry, and/or directed brokerage. Where DRKAM enters into non-discretionary arrangements with clients, the Firm will obtain client approval prior to the execution of a trade.</p>
Item 12.B.	<p><b>Suggestion of Broker</b>                      Clients wishing to implement DRKAM's advice are free to select any broker/dealer they wish and are so informed. If the clients wish to have DRKAM's principal or affiliated persons implement the advice in their separate capacity, as registered representatives, their broker/dealer, Questar Capital Corp., will be used. Questar Capital Corp. has a wide range of approved securities products that Questar Capital Corp. has performed due diligence in selecting. The registered representatives are required to adhere to these products when implementing securities transactions through Questar Capital Corp. Commissions charged for these products may be higher or lower than the commissions clients may be able to obtain if transactions were implemented through another broker/dealer.</p>
Item 13.A.	<p><b>Additional Compensation</b>                      The principal and affiliated persons of DRKAM may earn 12b-1 fees from various mutual fund products in which client accounts are invested.</p>
Item 13.B.	<p><b>Compensation for Client Referrals</b>                      DRKAM enters into agreements with solicitors (referring parties) to refer clients to DRKAM. If a referred client enters into an agreement with DRKAM, a cash referral fee is paid to the referring party, which is based upon a percentage of the client advisory fees generated. The referral arrangement between any referring party and DRKAM will not result in any charges to the client in addition to the normal level of advisory fees charged.</p> <p>Pursuant to Rule 206(4)-3 of the Investment Advisers Act of 1940, a "Solicitors Separate Written Disclosure," listing compensation to be paid to solicitors and DRKAM's Form ADV Part II, is provided to the client at the time of solicitation.</p> <p><b>Miscellaneous</b>  <b>Proxy Voting</b>                      DRKAM shall have no obligation or authority to take any action or render any advice with respect to the voting proxies solicited by or with respect to issuers of securities held by an Account.</p> <p>The client (or the plan fiduciary in the case of an account subject to the provisions of ERISA) expressly retains the authority and responsibility for, and DRKAM is expressly precluded from rendering any advice or taking any action with respect to, the voting of any such proxies.</p>

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	<p><b><i>Class Action Lawsuits</i></b>                      From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. The Firm has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. It also has no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, the Firm has no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by clients.</p> <p><b><i>Privacy Notice</i></b>                      This Privacy Notice is from Advantage Financial Planning, Inc., which also does business as David R. Kern Asset Management (DRKAM). We are a registered investment advisory firm and we are in the business of providing investment advisory services to our customers.</p> <p>We are committed to safeguarding the confidential information of our clients. We hold all personal information provided to our firm in the strictest confidence. Our representatives may be registered representatives of Questar Capital Corporation, a registered broker/dealer, not affiliated with our firm. We may also have relationships with other nonaffiliated investment advisor firms, insurance companies, trust companies, custodians and other financial institution entities. Except as required or permitted by law, we do not share confidential information about you with nonaffiliated third parties. In the unlikely event there were to be a change in this fundamental policy that would permit additional disclosure of your confidential information, we will provide written notice to you, and you will be given an opportunity to direct us as to whether such disclosure is permissible.</p> <p><b>AN IMPORTANT NOTICE CONCERNING OUR CUSTOMER'S PRIVACY</b></p> <p><b>Customer Information We Collect:</b> We collect and develop personal information about you, and some of that information is nonpublic personal information ("Customer Information"). The essential purpose for collecting Customer Information is to provide and service the financial products and services you obtain from our firm. The categories of Customer Information collected by us depend upon the scope of the engagement with us and are generally described below. As an investment advisor, we collect and develop Customer Information about you in order to provide investment advisory services. Customer Information we collect includes:</p> <ul style="list-style-type: none"> <li>➤ Information we received about you on financial inventories through consultation with our representatives. This Customer Information may include personal and household information such as income, spending habits, investment objectives, financial goals, statements of account, and other records concerning your financial condition and assets, together with information concerning employee benefits and retirement plan interests, wills, trusts, mortgages, and tax returns.</li> <li>➤ Information developed as part of financial plans, analysis or investment advisory services.</li> <li>➤ Information concerning investment account transactions.</li> <li>➤ Information about your financial products and services with us.</li> </ul>

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	<p><b>Data Security:</b> We restrict access to Customer Information to those representatives and employees who need this information to perform their job responsibilities within our firm. We maintain agreements, as well as physical, electronic, and procedural security measures to safeguard Customer Information about you.</p> <p><b>Use and Disclosure of Customer Information to Provide Customer Services For Your Accounts:</b> To administer, manage, and service customer accounts, process transactions, and provide related services for your accounts, it is necessary for us to provide access to Customer Information within our firm and to nonaffiliated companies such as Questar Capital Corporation, other investment advisors, other broker/dealers, trust companies, custodians, and insurance companies. We may also provide Customer Information outside of our firm as permitted by law, such as government entities, consumer reporting agencies or other third parties in response to subpoenas.</p> <p><b>Former Clients:</b> If you close an account with our firm, we will continue to operate in accordance with the principles stated in the customer privacy notice.</p> <p><b>Requirements of Federal Law:</b> In November of 1999, Congress enacted the Gramm-Leach-Bliley Act ("GLBA"). The GLBA requires certain financial institutions, including broker/dealers and investment advisors, to protect the privacy of Customer Information. To the extent a financial institution discloses Customer Information to nonaffiliated third parties other than as permitted or required by law, customers must be given the opportunity and means to opt out (or prevent) such disclosure. Please note that we do not disclose Customer Information to nonaffiliated third parties except as permitted or required by law (e.g., disclosures to service your account or to respond to subpoenas).</p>

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