

Ferguson Investment Services, PLLC

Form ADV Part 2A

Investment Adviser Brochure

March 2011

This brochure provides information about the qualifications and business practices of Ferguson Investment Services, PLLC. If you have any questions about the contents of this brochure, please contact Bruce Ferguson, Managing Member and Chief Compliance Officer. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Ferguson Investment Services, PLLC is also available on the SEC's website at www.adviserinfo.sec.gov.

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Item 2: Summary of Material Changes

Introduction

In July, 2010, the United State Securities and Exchange Commission published a new rule “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure is a new document prepared according to the SEC’s new requirements and rules. As such, this document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this Item will discuss only specific material changes that are made to Ferguson Investment Services, PLLC’s (Ferguson Investment Services or the Firm) Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

Full Brochure Available

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, Ferguson Investment Services’ Brochure may be requested by contacting Bruce A. Ferguson, Managing Member and Chief Compliance Officer, at 520.321.4100 or bruce@fergusoninvestmentservices.com.

Additional information about Ferguson Investment Services is also available via the SEC’s web site www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with Ferguson Investment Services who are registered, or are required to be registered, as investment adviser representatives of Ferguson Investment Services.

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Item 4: Advisory Business

Firm Description and Types of Advisory Services

Ferguson Investment Services is an investment adviser. Ferguson Investment Services provides investment advisory services to individuals, pension and profit sharing plans, trusts, estates, or charitable organizations and corporations or other business entities. These services include financial planning services, portfolio management services for individuals and/or small business, portfolio management for businesses or institutional clients (other than investment companies), and the selection of other advisors.

Ferguson Investment Services was founded in 2003.

Principal Owners

Ferguson Investment Services is solely owned Bruce A. Ferguson, Managing Member and Chief Compliance Officer.

Types of Advisory Services

Investment Advisory Services

The initial step in the financial planning process involves a meeting with the client for the purpose of defining the scope of the relationship. Once defined, the client and Ferguson Investment Services will enter into an investment advisory agreement.

Upon entering into an advisory agreement, Ferguson Investment Services' advisors request from the client, and review, all necessary financial information. This may include information on sources of income, assets owned, insurance policies owned, liabilities and wills, trusts, business agreements, tax returns, investments, and personal and family obligations. In addition, the client will be requested to provide financial goals and objectives, both long and short term. Based on this review, appropriate investment vehicles are proposed to the client.

Through personal discussions, a client's goals, objectives, investment time horizon and risk tolerance, as well as their core financial-related values are developed. Ferguson Investment Services assists the client in developing the client's personal investment policy, and then creates and manages a portfolio based on that policy.

Investment advisory services may be provided on a discretionary or non-discretionary basis.

Financial Planning

Ferguson Investment Services offers financial planning services, which may include a review of all aspects of a client's current financial situation, including the following components: cash management, risk management, goal setting, and retirement planning. Clients understand that when Ferguson Investment Services is engaged to

address only certain components, the client's overall financial and investment issues may not be taken into consideration.

Ferguson Investment Services meets with the client to review risk tolerance, financial goals and objectives, and time horizons. Additional meetings may include a review of additional financial information; sources of income, assets owned, tax returns, investments, and personal and family obligations.

The financial plan may include both long and short-term considerations, depending upon the individual scenario. Upon completion a plan is presented to the client. At this meeting, the client is provided with recommendations that are deemed to be compatible with the client's stated goals and objectives. An implementation schedule is reviewed with the client to determine which steps will be pursued, and with whom the steps may be accomplished. The client is under no obligation to utilize additional services of Ferguson Investment Services and its representatives and is under no obligation to implement the advice or plan. Clients may choose all or certain components of advice and recommendations and can implement the recommendations through the service providers of their choice.

Tailored Relationships

Ferguson Investment Services tailors investment advisory services to the individual needs of the client. The goals and objectives for each client are documented in our client relationship management system. Ferguson Investment Services clients are allowed to impose restrictions on the investments in their account. Ferguson Investment Services may accept any reasonable limitation or restriction to discretionary authority on the account placed by the client. All limitations and restrictions placed on accounts must be presented to Ferguson Investment Services in writing.

Wrap Fee Programs

Ferguson Investment Services does not participate in a Wrap Fee Program.

Client Assets

As of December 31, 2010, Ferguson Investment Services managed approximately \$81.5 million in assets. Approximately \$55.7 million is managed on a discretionary basis, and \$25.8 million is managed on a non-discretionary basis.

Item 5: Fees and Compensation

Compensation

Ferguson Investment Services bases its fees on a percentage of assets under management, hourly charges, and fixed fees.

Ferguson Investment Services' fee schedules are described below.

Compensation – Investment Advisory Services

Fees for Investment Advisory Services are billed as a percentage of assets under management according to the schedule below:

Total Assets under Management	Annual Fee (%)
\$ 0 - \$250,000	1.50
\$ 250,001 - \$1,000,000	1.00
\$1,000,000 +	Negotiable

Advisory fees will be due and payable quarterly in arrears based on the market value of the account assets, including cash, under management as of the close of business on the last business day of the previous quarter. The advisory fee will be prorated for the first partial quarter.

Compensation – Financial Planning

Clients desiring financial planning services such as retirement planning calculations, asset allocation consulting, etc., may be charged a flat fee of \$200 and up, depending on complexity and time required. If such services are requested on an hourly basis, Ferguson Investment Services' hourly fee will run between \$200 - \$400 (a lesser hourly fee may be charged for administrative and staff functions). Clients are informed in advance of compensation arrangements for such services.

Fees for Financial Planning are computed at the hourly rate of \$150 - \$250 or a negotiated fixed fee, depending upon the complexity of services. Fees for financial planning are generally due and payable upon delivery of the services.

Calculation and Payment

The specific manner in which fees are charged by Ferguson Investment Services is established in a client's written agreement with Ferguson Investment Services. Clients may elect to be invoiced directly for fees or to authorize Ferguson Investment Services to directly debit fees from client accounts.

Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

Agreement Terms

Investment Advisory Agreements may be canceled at any time by either party, for any reason upon receipt of written notice. If a client terminates the Investment Advisory Agreement within 12 months from the date of inception, the client hereby agrees to compensate Ferguson Investment Services equal to the balance of 4 (four) quarters fees which have otherwise been due and payable to Ferguson Investment Services. Upon termination of any account, any prepaid, unearned fees will be promptly refunded.

If the client enters into an agreement with Ferguson Investment Services to implement a financial plan, the agreement is for one year, and will automatically renew each year thereafter until terminated by either party. When Ferguson Investment Services enters into such an agreement with the client, it does so with the reasonable belief this is to be a long-term relationship, and, the client is generally not billed for the preparation of the financial plan.

Neither Ferguson Investment Services nor any of its supervised persons (employees) accept compensation for the sale of securities or other investment products.

General Information on Compensation and Other Fees

In certain circumstances, fees, account minimums and payment terms are negotiable depending on client's unique situation – such as the size of the aggregate related party portfolio size, family holdings, low cost basis securities, or certain passively advised investments and pre-existing relationships with clients. Certain clients may pay more or less than others depending on the amount of assets, type of portfolio, or the time involved, the degree of responsibility assumed, complexity of the engagement, special skills needed to solve problems, the application of experience and knowledge of the client's situation. Lower fees for comparable services may be available from other sources.

Related accounts may be linked for purposes of fee calculation if all parties agree; meaning certain accounts, approved by Ferguson Investment Services may be grouped for fee calculations.

Ferguson Investment Services' fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall 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 management and distribution (12b-1) fees, which are disclosed in a fund's prospectus.

Such charges, fees and commissions are exclusive of and in addition to Ferguson Investment Services' fee, and Ferguson Investment Services shall not receive any portion of these commissions, fees, and costs.

Clients should note that similar advisory services may (or may not) be available from other registered investment advisers for similar or lower fees.

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

Neither Ferguson Investment Services nor any of its Supervised Persons (employees) accepts performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Ferguson Investment Services does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

Item 7: Types of Clients

Types of Clients

As described in Item 4, Ferguson Investment Services' clients include to individuals, pension and profit sharing plans, trusts, estates, or charitable organizations and corporations or other business entities.

Account Minimums

Ferguson Investment Services requires a minimum account of \$250,000 for investment advisory clients, although this may be negotiable under certain circumstances. .
Waivers or exceptions from the minimum may be granted at the exclusive discretion of Ferguson Investment Services. Ferguson Investment Services may group certain related client accounts for the purposes of achieving the minimum account size.

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

Methods of Analysis

Ferguson Investment Services may employ the following security analysis methods: Charting; fundamental analysis; technical analysis; and cyclical analysis.

Ferguson Investment Services uses the following main sources of information including, financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission (SEC), and company press releases.

Other sources of information that Ferguson Investment Services may use include information from investment managers, financial service companies, data base companies, Morningstar Principia mutual fund information, Morningstar Principia stock information, and the Internet.

Investment Strategies

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time.

Investment strategies may include long-term and short-term purchases depending upon the individual needs of the client. Ferguson Investment Services uses asset allocation, or spreading investments among a number of asset classes and sectors (domestic stocks vs. foreign stocks; large cap stocks vs. small cap stocks; corporate bonds vs. government securities) for most client accounts. Mutual funds will be selected on the basis of any or all of the following criteria: the fund's performance history; the industry sector in which the fund invests; the track record of the fund's manager; the fund's investment objectives; management style and philosophy; and management fee structure. Portfolio weighting between funds and market sectors will be determined by each client's individual needs and circumstances.

When appropriate to the needs of the client, Ferguson Investment Services may recommend the use of margin transactions. Because this investment strategy involves a certain degree of additional risk, it will only be recommended when consistent with the client's stated tolerance for risk. Other strategies may include trading, short sales, and option writing (including covered options, uncovered options or spreading strategies).

The Firm may provide advice on managed futures from time to time.

Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear. All investment programs have certain risks that are borne by the investor. Ferguson Investment Services' investment approach constantly keeps the risk of loss in mind. Investors face 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 attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the 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.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Ferguson Investment Services reserves the right to advise clients on any other type of investment that it deems appropriate based on the client's stated goals and objectives. Ferguson Investment Services may also provide advice on any type of investment held in a client's portfolio at the inception of the advisory relationship or on any investment on which the client requests advice.

Initial Public Offerings

Ferguson Investment Services typically does not participate in initial public offerings on behalf of its clients.

Item 9: Disciplinary Information

Legal and Disciplinary

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

Item 10: Other Financial Industry Activities and Affiliations

Financial Industry Activities – Broker-Dealers

Ferguson Investment Services is not registered as a broker-dealer, and none of its management persons are registered representatives of a broker-dealer.

Financial Industry Activities – Futures and Commodities

Neither Ferguson Investment Services nor any of its management persons is registered as (or associated with) a futures commissions merchant, commodity pool operator, or a commodity trading advisor.

Affiliations

Neither Ferguson Investment Services nor any of its management persons have a material relationship or arrangement with any related person or financial industry entities, including:

1. broker-dealer, municipal securities dealer, or government securities dealer or broker
2. investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund)
3. other investment adviser or financial planner
4. futures commission merchant, commodity pool operator, or commodity trading advisor
5. banking or thrift institution
6. accountant or accounting firm
7. lawyer or law firm
8. insurance company or agency
9. pension consultant
10. real estate broker or dealer
11. sponsor or syndicator of limited partnerships.

Other Affiliations – Insurance

Ferguson Investment Services’ Investment Advisor Representatives (IARs) may be appointed with several insurance companies and may be able to receive separate compensation for transactions implemented through various insurance companies. Clients are not obligated to use any company for insurance product purchases, and may work with any insurance agent they choose. Insurance compensation will be separate and distinct from financial planning fees charged by Ferguson Investment Services. IARs spend less than 5% of their time on insurance sales.

Other Investment Advisors

Ferguson Investment Services selects other investment advisors for its clients. Ferguson Investment Services may receive compensation for the selection of other managers.

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

Code of Ethics

Ferguson Investment Services' employees must comply with a Code of Ethics and Statement for Insider Trading. The Code describes the Firms' high standard of business conduct, and fiduciary duty to its clients. The Code's key provisions include:

- Statement of General Principles
- Policy on and reporting of Personal Securities Transactions
- A prohibition on Insider Trading
- Restrictions on the acceptance of significant gifts
- Procedures to detect and deter misconduct and violations
- Requirement to maintain confidentiality of client information

Bruce A. Ferguson, Managing Member and Chief Compliance Officer, reviews all employee trades each quarter. His trades are reviewed by Philip E. Charles. These reviews ensure that personal trading does not affect the markets, and that clients of Ferguson Investment Services receive preferential treatment.

Ferguson Investment Services' employees must acknowledge the terms of the Code of Ethics at least annually. Any individual not in compliance with the Code of Ethics may be subject to termination.

Clients and prospective clients can obtain a copy of Ferguson Investment Services' Code of Ethics by contacting Bruce A. Ferguson at 520.321.4100.

Participation or Interest in Client Transactions – Personal Securities Transactions

Ferguson Investment Services and its employees may buy or sell securities identical to those recommended to clients for their personal accounts. The Code of Ethics, described above, is designed to assure that the personal securities transactions, activities and interests of the employees of Ferguson Investment Services 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, primarily mutual funds, have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of Ferguson Investment Services' clients. In addition, the Code requires pre-clearance of many transactions. 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 designed to reasonably prevent conflicts of interest between Ferguson Investment Services and its clients.

Participation or Interest in Client Transactions – Financial Interest and Principal/Agency Cross

Ferguson Investment Services and its employees do not recommend to clients, or buy or sell for client accounts, securities in which they have a material financial interest.

It is Ferguson Investment Services' policy that the Firm will not affect any principal or agency cross securities transactions for client accounts. Ferguson Investment Services 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.

Participation or Interest in Client Transactions – Aggregation

Ferguson Investment Services and its employees may trade in the same securities with client accounts on an aggregated basis when consistent with Ferguson Investment Services' 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. Ferguson Investment Services 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.

Item 12: Brokerage Practices

Research and Other Soft Dollar Benefits

Ferguson Investment Services does not receive formal soft dollar benefits other than execution from broker/dealers in connection with client securities transactions. See disclosure below in “Directed Brokerage – Other Economic Benefits”.

Brokerage for Client Referrals

Ferguson Investment Services does not receive client referrals from broker/dealers.

Directed Brokerage

While not routine, the client may direct Ferguson Investment Services to use a particular broker-dealer to execute some or all transactions for the client. This brokerage direction must be requested by the client in writing. In that case, the client will negotiate terms and arrangements for the account with that broker-dealer, and Ferguson Investment Services will not seek better execution services or prices from other broker-dealers or be able to “batch” client transactions for execution through other broker-dealers with orders for other accounts managed by Ferguson Investment Services. By directing brokerage, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Not all advisers require or allow their clients to direct brokerage. Subject to its duty of best execution, Ferguson Investment Services may decline a client’s request to direct brokerage if, in Ferguson Investment Services’ sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

If the client requests Ferguson Investment Services to arrange for the execution of securities brokerage transactions for the client’s account, Ferguson Investment Services shall direct such transactions through broker-dealers that Ferguson Investment Services reasonably believes will provide best execution. Ferguson Investment Services shall periodically and systematically review its policies and procedures regarding recommending broker-dealers to its client in light of its duty to obtain best execution.

Ferguson Investment Services generally recommends that Investment Advisory clients establish brokerage accounts with Raymond James Financial Services (RJFS) to maintain custody of clients’ assets and to effect trades for their accounts.

Commission rates will be the lowest rate available to Ferguson Investment Services based on its volume of activity. Commissions may be charged which are higher or lower than commission rates at other broker dealers.

While it is possible that clients may pay higher commission or transactions fee through RJFS, Ferguson Investment Services has determined that RJFS currently offers the best overall value to Ferguson Investment Services and its clients for the customer service, brokerage, research services and technology it provides. Ferguson Investment Services believes these qualities make RJFS superior to most non-service oriented,

deep-discount and internet/web based brokers that may otherwise be available to the public.

Directed Brokerage – Other Economic Benefits

Ferguson Investment Services may have the opportunity to receive traditional “non-cash benefits” from RJFS such as customized statements; receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk servicing RJFS Advisors exclusively; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; ability to have investment advisory fees deducted directly from client accounts; access to an electronic communication network for client order entry and account information; access to mutual funds which generally require significantly high minimum initial investments or those that are otherwise only generally available to institutional investors; reporting features; receipt of industry communications; and perhaps discounts on business-related products.

RJFS may also provide general access to research and perhaps discounts on research products. Any research received benefits all clients. Ferguson Investment Services has no written or verbal arrangements whereby it receives soft dollars. From time to time, RJFS may offer production-based incentives such as the ability to attend industry-related conferences or other benefits; however, Ferguson Investment Services does not believe that such incentives impair Ferguson Investment Services’ independence.

While these individuals endeavor at all times to put the interest of the clients first as part of Ferguson Investment Services’ fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of these individuals when making recommendations.

Trade Aggregation

Ferguson Investment Services does not typically aggregate or block trades as most trades are mutual funds or exchange-traded funds where trade aggregation does not typically obtain any client benefit.

Item 13: Review of Accounts

Reviews

Investment advisory accounts are generally reviewed formally each quarter; accounts are frequently monitored and reviewed informally.

Reviews could also occur at the time of new deposits, material changes in client's financial information, changes in economic cycles, at Ferguson Investment Services' discretion, or as often as the client may direct. Reviews entail analyzing securities, sensitivity to overall markets, economic changes, investment results and asset allocation, etc., to ensure the investment strategy and expectations are structured to continue to meet clients' objectives.

Ferguson Investment Services encourages frequent client contact, but will seek out contact no less than annually. Clients are obligated to promptly notify Ferguson Investment Services of any changes in the client's financial status to ensure that investment strategies continue to meet the client's changing needs.

Accounts are reviewed regularly, either in person or by telephone, in order to determine if the positions held are consistent with the investment objectives of the client. Additional reviews may also be triggered by market events, political changes, changes in the economy, or changes in interest rate. Accounts are reviewed by Bruce Ferguson, Managing Member and Chief Compliance Officer, and Phil Charles, Investment Advisor Representative.

Review Triggers

Other conditions that may trigger a review are changes in market, political or economic conditions, tax laws, new investment information, and changes in a client's own situation.

Reporting

Clients receive statements from qualified custodians which include account activity, beginning and ending balances, and current values. Statements are produced each month when there is activity in an account. In addition, every client receives a quarterly statement whether or not there is activity in the account during that time period. Ferguson Investment Services will issue updates of additional reports at the client's request.

Financial Planning – Reviews and Reporting

Financial planning services are offered on an hourly or flat fee project basis, and do not include ongoing services or ongoing reviews of the client's portfolio, although Ferguson Investment Services may recommend a review be performed at least annually. It would be the client's responsibility to update his or her financial goals and secure additional services offered by the Ferguson Investment Services, as desired. Investment Adviser

Representatives serve as primary reviewers for client accounts while administrative personnel assist with general client communication and services.

Financial Planning clients receive reports as contracted for at the inception of the engagement.

Item 14: Client Referrals and Other Compensation

Other Compensation

Ferguson Investment Services does not receive any formal economic benefits (other than normal compensation) from any firm or individual for providing investment advice.

Other Compensation – Brokerage Arrangements

See disclosure in Item 12 regarding compensation, including economic benefits received in connection with giving advice to clients.

Compensation – Client Referrals

Ferguson Investment Services does not make or accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

Compensation – Client Referrals – Solicitation Arrangement

Ferguson Investment Services may enter into written arrangements to pay cash referral fees to individuals or companies (Solicitors) who refer prospective clients to the Firm. In these cases, there will be a written agreement between Ferguson Investment Services and the Solicitors, which clearly defines the duties and responsibilities of the Solicitor under this arrangement. In addition, each Solicitor is required to provide a written disclosure document, which explains to the prospective client the terms under which the Solicitor is working with Ferguson Investment Services and the fact that the Solicitor is being compensated for the referral activities. The Solicitor is also required to furnish a copy of Ferguson Investment Services' written disclosure document (Form ADV Part 2) to the prospective client and obtain a written acknowledgement from the client that both the Solicitor's and Ferguson Investment Services' disclosure documents have been received.

Item 15: Custody

Custody – Fee Debiting

Ferguson Investment Services has one form of custody. Clients may authorize Ferguson Investment Services (in the client agreement) to debit fees directly from the client's account at the broker dealer, bank or other qualified custodian (custodian). Client investment assets will be held with a custodian agreed upon by the client and Ferguson Investment Services. The custodian is advised in writing of the limitation of Ferguson Investment Services' access to the account. The custodian sends a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of advisory fees paid directly to Ferguson Investment Services.

While Ferguson Investment Services will assist clients in establishing and maintaining accounts at the custodian, Ferguson Investment Services shall have no responsibility or liability with respect to custodial arrangements or the acts, omissions or other conduct of the custodian.

Custody – Account Statements

As described above and in Item 13, clients receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. Clients are urged to carefully review such statements and compare such official custodial records to the account statements or other reports that Ferguson Investment Services provides. Ferguson Investment Services' statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16: Investment Discretion

Discretionary Authority for Trading and Limited Power of Attorney

Through the investment management agreement, Ferguson Investment Services may accept limited power of attorney to act on a discretionary basis on behalf of clients. A limited power of attorney allows Ferguson Investment Services to execute trades on behalf of clients.

When such limited powers exist between the Ferguson Investment Services and the client, Ferguson Investment Services has the authority to determine, without obtaining specific client consent, both the amount and type of securities to be bought to satisfy client account objectives. Additionally, Ferguson Investment Services may accept any reasonable limitation or restriction to such authority on the account placed by the client. All limitations and restrictions placed on accounts must be presented to Ferguson Investment Services in writing.

However, Ferguson Investment Services consults with the client prior to each trade to obtain concurrence if a blanket trading authorization has not been given.

Item 17: Voting Client Securities

Proxy Voting

Ferguson Investment Services does not have any authority to and does not vote proxies on behalf of clients. Ferguson Investment Services also does not render advice to or take any actions on behalf of clients with respect to any legal proceedings, including bankruptcies and shareholder litigation. Clients retain the responsibility for receiving and voting proxies and any legal proceedings for securities maintained in their portfolios; clients receive these corporate actions from directly from either custodians or transfer agents.

If requested, Ferguson Investment Services may provide advice to clients regarding proxy votes and legal proceedings. If any conflict of interest exists, it will be disclosed to the client. Clients may contact Bruce A. Ferguson at 520.321.4100 for information about proxy voting.

Item 18: Financial Information

Financial Condition

Ferguson Investment Services 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.

Ferguson Investment Services is not required to provide a balance sheet; Ferguson Investment Services does not require prepayment of fees of more than \$1,200 per client, and six months or more in advance.

Other Information

Privacy

Ferguson Investment Services is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us.

The categories of nonpublic information that we collect from you may include information about your personal finances, information about your health to the extent that it is needed for the financial planning process, information about transactions between you and third parties, and information from consumer reporting agencies, e.g., credit reports. We use this information to help you meet your personal financial goals.

With your permission, we disclose limited information to attorneys, accountants, and mortgage lenders with whom you have established a relationship. You may opt out from our sharing information with these nonaffiliated third parties by notifying us at any time by telephone, mail, fax, email, or in person. With your permission, we share a limited amount of information about you with your brokerage firm in order to execute securities transactions on your behalf.

We do not provide your personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our Company records and your personal records as permitted by law.

Personally identifiable information about you will be maintained while you are a client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

We will notify you in advance if our privacy policy is expected to change. We are required by law to deliver our Privacy Notice to you annually, in writing.

Business Continuity Plan

Ferguson Investment Services has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people. The Business Continuity Plan covers natural and man-made disasters. Electronic files are backed up daily and archived offsite.

Alternate offices are identified to support ongoing operations in the event the main office is unavailable. Ferguson Investment Services' intention is to contact all clients within five days of a disaster that dictates moving our office to an alternate location.

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Ferguson Investment Services, PLLC
Form ADV Part 2B
Investment Adviser Brochure Supplement

Supervisor: Bruce A. Ferguson

Supervisor of:
Philip E. Charles

March 2011

This brochure supplement provides information about the Firm's Supervised Persons that supplements the Ferguson Investment Services, PLLC's brochure. You should have received a copy of that brochure.

Please contact Bruce A. Ferguson, Managing Member and Chief Compliance Officer, if you did not receive Ferguson Investment Services, PLLC's brochure or if you have any questions about the contents of this supplement.

Additional information about the Firm's Supervised Persons is also available on the SEC's website at www.adviserinfo.sec.gov.

4400 East Broadway Boulevard, Suite 500
Tucson, AZ 85711
520.321.4100
bruce@fergusoninvestmentservices.com
www.fergusoninvestmentservices.com

Educational Background and Business Experience

Education and Business Background

Ferguson Investment Services requires a college degree and/or extensive experience in providing advisory services as a minimum standard for professionals. In addition, individuals must be properly licensed and registered, unless exempted, in states in which such individuals are conducting investment advisory business.

Professional Certifications

Ferguson Investment Services' supervised persons maintain professional designations, which required the following minimum requirements:

AAMS® - Accredited Asset Management SpecialistSM

Issued by: College of Financial Planning

Prerequisites/Experience Required: None

Educational Requirements: Candidate must complete the following:

- Complete 12-module AAMS® Professional Education Program
- Pass end-of-course examination
- Adhere to Standards of Professional Conduct

Examination Type: End-of-course examination

Continuing Education/Experience Requirements: 16 hours every 2 years

Supervised Persons

Bruce Anthony Ferguson

Born 1955

Employment History:

Ferguson Investment Services, PLLC
Managing Member, Chief Compliance Officer and Investment Advisor Representative

2003 to Present

Raymond James Financial Services, Inc.
Registered Representative

2002 to 2010

Buehler Capital Management
Investment Advisor Representative

2002 to 2003

Sutro & Co., Incorporated
Investment Advisor Representative

1998 to 2002

Education:

University of Arizona, Tucson, AZ - BS in Business Administration

Professional Designations and Licenses:

Series 65

Philip E. Charles

Born 1985

Employment History:

Ferguson Investment Services, PLLC
Investment Advisor Representative 2008 to Present

Raymond James Financial Services, Inc.
Financial Adviser 2008 to 2010

Charles Hall Market, LLC
Business Partner 2007 to 2008

Deja View Inc.
Business Partner 2007

University of Arizona
Student 2005 to 2007

Education:

University of Arizona, Tucson, AZ - BS in Business Economics, BS in Entrepreneurship

Professional Designations and Licenses:

Series 66

Series 7

Disciplinary Information

Disciplinary Information

Neither Ferguson Investment Services nor any Supervised Persons have been involved in any activities resulting in a disciplinary disclosure.

Other Business Activities

Other Business Activities

Disclosure on Outside Business Activities is provided in Form ADV Part 2A Item 10 – Other Financial Industry Activities and Affiliations above. These Outside Business Activities do not create a material conflict of interest with clients.

Ferguson Investment Services' Supervised Persons may be actively engaged in other outside business activities.

Bruce A Ferguson is an Officer for the Accenture Match Play Golf Tournament in Tucson, Arizona. He spends less than 5% of his time on this activity. Bruce A. Ferguson is also appointed with several insurance companies and may be able to receive separate compensation for transactions implemented through various insurance companies. He spends less than 5% of his time on insurance sales.

As disclosed in Form ADV Part 2A Item 5 – Fees and Compensation, neither Ferguson Investment Services nor any Supervised Persons receive commissions, bonuses or other compensation based on the sale of securities or other investment products.

Additional Compensation

No Supervised Person receives any economic benefit outside of regular salaries or bonuses related to amount of sales, client referrals or new accounts.

Supervision

Supervision

Bruce A. Ferguson, Managing Member and Chief Compliance Officer, supervises all persons named in this Form ADV Part 2B Investment Adviser Brochure Supplement. Bruce A. Ferguson supervises these persons by holding regular staff, investment and other ad hoc meetings. In addition, Bruce A. Ferguson regularly reviews client reports, emails, and trading, as well as employees' personal securities transaction and holdings reports. Bruce A. Ferguson may be reached at 520.321.4100.