

## FORM ADV

## Uniform Application for Investment Adviser Registration

## Part II - Page 1

Name of Investment Adviser: Ken Stern & Associates, Inc.						
Address:	(Number and Street)	(City)	(State)	(Zip Code)	Area Code:	Telephone Number:
12396 World Trade Dr., Ste 312		San Diego,	CA	92128	( 858 ) 485-0404	

**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.**

## Table of Contents

<u>Item Number</u>	<u>Item</u>	<u>Page</u>
1	Advisory Services and Fees .....	2
2	Types of Clients .....	2
3	Types of Investments .....	3
4	Methods of Analysis, Sources of Information and Investment Strategies.....	3
5	Education and Business Standards.....	4
6	Education and Business Background.....	4
7	Other Business Activities.....	4
8	Other Financial Industry Activities or Affiliations .....	4
9	Participation or Interest in Client Transactions.....	5
10	Conditions for Managing Accounts .....	5
11	Review of Accounts.....	5
12	Investment or Brokerage Discretion .....	6
13	Additional Compensation .....	6
14	Balance Sheet.....	6
	Continuation Sheet.....	Schedule F
	Balance Sheet, if required.....	Schedule G

Applicant:  
Ken Stern & Associates, Inc.

SEC File Number:  
801-56991

DATE:  
05/17/2006

Definitions for Part II

Related person -- Any officer, director or partner of applicant or any person directly or indirectly controlling, controlled by, or under common control with the applicant, including any non-clerical, non-ministerial employee.

Investment Supervisory Services -- Giving continuous investment advice to a client (or making investments for the client) based on the individual needs of the client. Individual needs include, for example, the nature of other client assets and the client's personal and family obligations.

1.	<p><b>A. Advisory Services and Fees.</b> (check the applicable boxes)</p> <p>Applicant: _____</p>	<p>For each type of service provided, state the approximate % of total advisory billings from that service.</p> <p>(See instruction below.)</p> <p style="text-align: right;"><b>ESTIMATED</b></p>
	<p><input checked="" type="checkbox"/> (1) ..... Provides investment supervisory services</p> <p><input checked="" type="checkbox"/> (2) ..... Manages investment advisory accounts not involving investment supervisory services</p> <p><input type="checkbox"/> (3) ..... Furnishes investment advice through consultations not included in either service described above</p> <p><input type="checkbox"/> (4) ..... Issues periodicals about securities by subscription</p> <p><input type="checkbox"/> (5) ..... Issues special reports about securities not included in any service described above</p> <p><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</p> <p><input type="checkbox"/> (7) ..... On more than an occasional basis, furnishes advice to clients on matters not involving securities</p> <p><input type="checkbox"/> (8) ..... Provide a timing service</p> <p><input type="checkbox"/> (9) ..... Furnishes advice about securities in any manner not described above</p>	<p>_____ %</p> <p>_____ %</p> <p>_____ %</p> <p>_____ %</p> <p>_____ %</p> <p>_____ %</p> <p>_____ %</p> <p>_____ %</p> <p>_____ %</p>
<p>(Percentages should be based on applicant's last fiscal year. If applicant has not completed its fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)</p>		
	<p><b>B.</b> Does applicant call any of the services it checked above financial planning or some similar term? .....</p>	
	<p><b>C.</b> Applicant offers investment advisory services for: (check all that apply)</p> <p><input checked="" type="checkbox"/> (1) A percentage of assets under management      <input type="checkbox"/> (4) Subscription fees</p> <p><input checked="" type="checkbox"/> (2) Hourly charges      <input checked="" type="checkbox"/> (5) Commissions</p> <p><input checked="" type="checkbox"/> (3) Fixed fees (not including subscription fees)      <input checked="" type="checkbox"/> (6) Other</p>	
	<p><b>D.</b> For each checked box in A above, describe on Schedule F:</p> <ul style="list-style-type: none"> <li>· the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee</li> <li>· applicant's basic fee schedule, how fees are charged and whether its fees are negotiable</li> <li>· 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</li> </ul>	
2.	<p><b>Types of Clients</b> -- Applicant generally provides investment advice to: (check those that apply)</p> <p><input checked="" type="checkbox"/> A. Individuals      <input checked="" type="checkbox"/> E. Trusts, estates, or charitable organizations</p> <p><input type="checkbox"/> B. Banks or thrift institutions      <input checked="" type="checkbox"/> F. Corporations or business entities other than those listed above</p> <p><input type="checkbox"/> C. Investment companies      <input type="checkbox"/> G. Other (describe on Schedule F)</p> <p><input checked="" type="checkbox"/> D. Pension and profit sharing plans</p>	

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

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

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> A. Equity Securities  | <input checked="" type="checkbox"/> H. United States government securities |
| <input checked="" type="checkbox"/> (1) exchange-listed securities                                |  |
| <input checked="" type="checkbox"/> (2) securities traded over-the-counter                        | <input type="checkbox"/> I. Options contracts on:                          |
| <input checked="" type="checkbox"/> (3) foreign issuers   | <input checked="" type="checkbox"/> (1) securities                         |
|   | <input type="checkbox"/> (2) commodities                                   |
| <input checked="" type="checkbox"/> B. Warrants   |  |
|   | <input type="checkbox"/> J. Futures contracts on:                          |
| <input checked="" 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  | <input type="checkbox"/> K. Interests in partnerships investing in:        |
|   | <input checked="" type="checkbox"/> (1) real estate                        |
| <input checked="" type="checkbox"/> E. Certificates of deposit                                    | <input type="checkbox"/> (2) oil and gas interests                         |
|   | <input type="checkbox"/> (3) other (explain on Schedule F)                 |
| <input checked="" type="checkbox"/> F. Municipal securities                                       | <input type="checkbox"/> L. Other (explain on Schedule F)                  |
|   |  |
| <input type="checkbox"/> G. Investment company securities:  |  |
| <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 type="checkbox"/> Timing services  |
| (2) <input type="checkbox"/> Inspections of corporate activities              | (6) <input checked="" type="checkbox"/> Annual reports, prospectuses, filings with the Securities and Exchange Commission |
| (3) <input checked="" type="checkbox"/> Research materials prepared by others | (7) <input checked="" type="checkbox"/> Company press releases  |
| (4) <input 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 to clients include: (check those that apply)

- |  |   |
|--|---|
| (1) <input checked="" type="checkbox"/> Long term purchases<br>(securities held at least a year) | (5) <input checked="" type="checkbox"/> Margin transactions   |
| (2) <input checked="" type="checkbox"/> Short term purchases<br>(securities sold within a year)  | (6) <input checked="" type="checkbox"/> Option writing, including covered options,<br>uncovered options or spreading strategies |
| (3) <input checked="" type="checkbox"/> Trading (securities sold within 30 days)                 | (7) <input 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: Ken Stern & Associates, Inc.	SEC File Number: 801-56991	DATE: 05/17/2006
--	-------------------------------	---------------------

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.)

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.

The investment adviser representative (“IAR”) who services a client account is responsible for reviewing that account on an ongoing basis, at least semi-annually. Reviews may be conducted more frequently if requested by the client. In the absence of an IAR assigned to an account, account reviews are conducted by employees of KSA who meet the requirements for being an IAR.

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

Confirms of all transactions are sent to the client by the custodian. Statements are provided by the custodian at least quarterly if there is no account activity, and monthly if there is activity. Clients may also receive a quarterly performance report for managed accounts from KSA. IARs meet with their clients as frequently as agreed or as requested by the client.

Applicant: Ken Stern & Associates, Inc.	SEC File Number: 801-56991	DATE: 05/17/2006
--	-------------------------------	---------------------

**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 checked="" type="checkbox"/>	No <input type="checkbox"/>
(4) commission rates paid? .....	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>

---

B. Does applicant or a related person suggest brokers to clients? .....

	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
--	---	-----------------------------

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 <input checked="" type="checkbox"/>	No <input type="checkbox"/>
B. directly or indirectly compensates any person for client referrals? .....	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

(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; 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 <input type="checkbox"/>	No <input checked="" type="checkbox"/>
--	------------------------------	--

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

<b>Schedule F of Form ADV Continuation Sheet for Form ADV Part</b>	Applicant: Ken Stern & Associates, Inc.	SEC File Number: 801-56991	Date: 05/17/2006
--	--	-------------------------------	---------------------

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Ken Stern & Associates, Inc.	IRS Empl. Ident. No.: 33-0879374
---	-------------------------------------

Item of Form (identify)	Answer
Item 1.A.	<p>KSA provides a variety of investment advisory services to both retail and institutional clients. KSA offers both discretionary and non-discretionary investment advice through individually managed accounts.</p> <p><u>Separately Managed Accounts (“Platinum Accounts”)</u></p> <p>KSA offers its clients fee-based managed accounts, entitled Platinum Accounts. Platinum Accounts require a minimum asset level of \$100,000, although the minimum level may be waived in KSA’s sole discretion.</p> <p>Through its Platinum Accounts, KSA offers strategies that seek long-term growth, aggressive growth, growth and income, high income, or stability of principal. Account portfolios will consist primarily of equity securities, but may also include bonds, mutual funds, options, and other permitted securities. Unless otherwise limited by a specific client, KSA will manage each of these accounts on a discretionary basis.</p> <p>The fee schedule for Platinum Accounts is negotiable, up to a maximum annual fee of 3.0% of assets under management.</p> <p>The total fees charged for KSA’s separately managed account program may be higher or lower than if a client paid separately for all account services, depending upon a number of factors.</p> <p>When Platinum Account assets are invested in mutual fund shares, these clients also indirectly pay fees for advisory services provided by the funds’ advisers and other fund expenses, for example, 12b-1 fees. Generally, KSA receives 12b-1 fees from the funds in which client assets are invested. (Further disclosures concerning KSA’s receipt of 12b-1 fees are made under Items 8.C. and 9.)</p> <p>In some cases, “non-supervised” assets may be held in a Platinum Account. KSA generally receives a commission, sales load or other similar fee for transactions in these securities. A non-supervised asset will generally be excluded from the standard Platinum account fees, but may be charged a separate, quarterly asset value-based fee for inclusion in consolidated reports. A conflict of interest exists in KSA’s ability to charge clients both an initial fee for the purchase of a non-supervised asset and an ongoing value-based fee on the same asset.</p> <p>KSA also offers separate account advisory services for clients wishing to invest in commission plus fee-based programs. For its separate account clients, KSA invests in commission-based securities such as preferred stock, unit investment trusts or other securities for which commissions are charged.</p> <p>The annual fee for separate accounts is 1% of assets under management in the account, plus commissions and other transaction costs. The annual asset-based fee may be negotiable. Except as noted below, overall fees, including commissions, will not exceed an annual rate of 3%.</p> <p>When account assets are invested in mutual fund shares, clients also indirectly pay fees for advisory services provided by the funds’ advisers and other fund expenses, for example, 12b-1 fees. In some cases, KSA receives 12b-1 fees from the funds in which client assets are invested. (Further disclosures concerning KSA’s receipt of 12b-1 fees are made under Items 8.C. and 9.)</p> <p>Separate accounts may be managed on a discretionary basis, depending upon the terms of the contract. Clients may also elect to have the accounts managed on a non-discretionary basis.</p>

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

<b>Schedule F of Form ADV Continuation Sheet for Form ADV Part II</b>	Applicant: Ken Stern & Associates, Inc.	SEC File Number: 801-56991	Date: 05/17/2006
---	--	-------------------------------	---------------------

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Ken Stern & Associates, Inc.	IRS Empl. Ident. No.: 33-0879374
---	-------------------------------------

Item of Form (identify)	Answer
Item 1.A. (cont.)	Fees for each KSA investment advisory program are billed quarterly in arrears. In each KSA program, clients may terminate their agreements with KSA within five business days, upon written notice to KSA. Fees are pro-rated accordingly.
Item 1.C.6	<p><u>Other Advisory Services</u></p> <p>In addition to the services set out above, KSA offers financial and estate planning services to clients on an hourly or fixed fee basis. Charges for these services may vary based upon the services requested and the complexity of the services to be rendered. All fees are negotiable.</p> <p>From time to time, KSA publishes an investment report that reviews various stocks and bonds. Typically, there is no charge for this type of report.</p> <p>KSA may hold seminars that include presentations on various securities and insurance products or financial strategies. Admission fees may be charged. Seminar attendees are not viewed as advisory clients of KSA, unless a client agreement is executed for specific services.</p> <p>Ken Stern &amp; Associates, Inc. ("KSA") may charge a performance-based fee provided that the fee is in compliance with applicable SEC and/or state regulations consistent with the client's investment policy and guidelines for risk. Performance-based fees will not be offered to any client who resides in a state that prohibits such fees or to any client who does not qualify to pay a performance-based fee.</p>
Item 4.A.5	Certain securities held within Ken Stern & Associates accounts are balanced to quantitative models whose components are selected based upon a variety of fundamental and technical factors. This process may include both objective and subjective criteria. Events affecting the world economy and / or the securities markets, both domestic and international, are likely to have significantly negative impact of the securities included therein. Funds allocated to international investments could be subject to risks associated with changes in currency values, economic, political and social conditions, the regulatory environment of countries in which the funds are invested, as well as the difficulties of receiving current and accurate information.
Item 4.B.8	KSA subscribes to various data services / databases, including Baseline and DTN.IQ. Other information sources include information and analysis freely available on the internet, including Yahoo! Finance.
Item 5	While KSA does not have specific education and business standards, KSA generally expects its associated persons to have either industry experience or relevant education.
Item 6	<p>Name: Kenneth A. Stern, CFP</p> <p>DOB: 03/10/69</p> <p>Education: Chartered Financial Planner, College of Financial Planning</p> <p>Background: President, Ken Stern &amp; Associates, Inc., 12/98-present  President, Asset Planning Solutions, Inc., 04/95-present  Registered Representative, First Allied Securities, Inc., 01/2002-present  Registered Representative, Asset Planning Solutions, Inc., 07/1999-12/2001  Registered Representative, First Allied Securities, Inc., 08/97-07/99  President, Segue Capital, Inc., 06/91-04/95</p>

<b>Schedule F of Form ADV Continuation Sheet for Form ADV Part II</b>	Applicant: Ken Stern & Associates, Inc.	SEC File Number: 801-56991	Date: 05/17/2006
---	--	-------------------------------	---------------------

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Ken Stern & Associates, Inc.	IRS Empl. Ident. No.: 33-0879374
---	-------------------------------------

Item of Form (identify)	Answer
Item 6 (cont.)	<p>Name: Eric G. Hoffman, CPA            DOB: 05/08/1967            Education: University of Utah, MPrA, Accounting/Taxation            University of Utah, BS, Accounting            Background: Chief Investment Officer, Ken Stern &amp; Associates, Inc., 01//2005-present            Chief Financial Officer, Ken Stern &amp; Associates, Inc., 01/2003-present            Chief Financial Officer, Asset Planning Solutions, Inc., 01/2003-present            Investment Associate, UBS PaineWebber, 12/2001-01/2003            Trader, Self Employed, 02/2000-11/2001            Market Maker, Timber Hill LLC, 04/1998-01/2000            Technical Analyst – Capital Markets, The Pacific Exchange, 08/1994-03/1998            Staff Accountant, KPMG Peat Marwick, 09/1992-05/1994</p>
Item 7.A	<p>Associated persons of the Adviser are registered representatives of First Allied Securities, Inc., a registered broker/dealer, member FINRA, SIPC among other related jurisdictions. In this capacity the individual associates may receive customary transaction-related commissions, and other related revenues. Some of these may come in the form of incentives, and most cause the affiliate to have a conflict of interest in recommending First Allied Securities, Inc. in any capacity. This activity comprises approximately 50% of the individuals' time.</p> <p>Ken Stern &amp; Associates, Inc. is owned in its entirety by APS Holdings, Inc. ("APSH"). APSH is also a 50% owner of a privately held publishing company, A&amp;E Global Enterprises, LLC. This company is co-owned by an advisory client. Client assets over which KSA has discretion are not invested in this corporation or in any other partnership or corporation owned or partially owned by the principals of APSH or any of its affiliates, although multiple advisory clients have investments in APSH.</p>
Item 8.C	<p>Associated persons of KSA may also be registered representatives of First Allied Securities, Inc. ("FAS"), a registered broker/dealer. Unless directed by clients to use a specific broker or when best execution duties require it, transactions on behalf of KSA are placed through FAS. As registered representatives of FAS, associated persons of KSA receive commissions and 12b-1 fees on a number of investments.</p> <p>In addition, KSA will maintain a direct relationship with Asset Planning Solutions, Inc. ("APS"), a marketing company that specializes in marketing for FINRA registered representatives, processing insurance products, and a branch office of FAS.</p> <p>KSA maintains referral relationships with the law offices of various attorneys who prepare estate planning documents. KSA clients establish independent attorney-client relationships with the attorneys. The attorneys may refer their estate planning clients to KSA for advisory services. KSA receives no fees through the referral relationships.</p>
Item 9	<p>Associated persons of KSA may be licensed with several life, disability and other insurance companies. KSA may recommend insurance products offered by these companies. If clients purchase insurance products through KSA, then the KSA associated persons receive commissions on the products sales. Clients are not obligated to purchase the insurance products recommended by KSA.</p> <p>The associated persons of KSA who are registered representatives of FAS receive brokerage commissions on transactions effected on behalf of KSA clients. Additionally, KSA associated persons, as broker-dealer representatives, also received 12b-1 fees or commissions from the mutual funds in which KSA invests client assets.</p>

<b>Schedule F of Form ADV Continuation Sheet for Form ADV Part II</b>	Applicant: Ken Stern & Associates, Inc.	SEC File Number: 801-56991	Date: 05/17/2006
---	--	-------------------------------	---------------------

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Ken Stern & Associates, Inc.	IRS Empl. Ident. No.: 33-0879374
---	-------------------------------------

Item of Form (identify)	Answer
Item 9 (cont.)	<p>As registered representatives of FAS, associated persons of KSA may be eligible to receive incentive prizes or awards offered by product promoters. These products may include investment products purchased by KSA for its clients. The policy of KSA and FAS is to permit all representatives to accept such awards and prizes to the extent that they are usual and customary within the industry, and in compliance with SEC, FINRA, or state rules, regulations or guidelines concerning receipt of such awards or incentives. FAS, in accordance with FINRA regulations, must recognize compensations, awards, and prizes as commissions, and report them to the Internal Revenue Service as revenues.</p> <p>FAS may effect transactions placed with it by KSA on behalf of KSA clients through agency cross transactions. In such transactions, FAS effects purchase or sales on behalf of KSA clients by crossing the transactions between KSA clients and brokerage customers of FAS.</p> <p>The receipt of compensation by KSA's associated persons and its broker-dealer, FAS, in the situations described above, creates a conflict of interest between KSA and its clients. In order to ensure that the clients' interests are the foremost consideration in any of these transactions, KSA uses procedures that include developing specific client objectives and implementing such objectives, geared toward fulfilling client needs. KSA monitors receipt of compensation by its associated persons and placement of trades with its broker-dealer to determine whether such transactions are in clients' interests.</p> <p>Unless otherwise specified, all executions must be effected through First Allied. Under the Platinum product, KSA and its' related persons may act as both Investment Manager and broker/dealer Registered Representative for an advisory client.</p> <p>First Allied conducts computerized surveillances and periodic on-site interviews and file reviews designed to detect evidence of insider trading and other conflicts of interest.</p> <p>KSA has adopted a Code of Ethics for the purpose of instructing its personnel in their ethical obligations and to provide rules for their personal securities transactions. KSA and its personnel owe a duty of loyalty, fairness and good faith towards their clients, and the obligation to adhere not only to the specific provisions of the Code, but to the general principles that guide the Code. The Code of Ethics covers a range of topics that may include: general ethical principals, reporting personal securities trading, exceptions to reporting securities trading, reportable securities, initial public offerings and private placements, reporting ethical violations, distribution of the Code of Ethics, review and enforcement processes, amendments to Form ADV and supervisory procedures. KSA will provide a copy of the Code of Ethics to any client or prospective client upon request.</p> <p>From time to time, KSA and its associated persons may invest in the same securities recommended to clients by KSA or purchased or sold by KSA for clients. KSA permits its associated persons to participate along with clients' transactions. KSA's policy is either to place block trades or require that client trades be placed prior to allowing personal trades of its associated persons to be placed. In all situations, client trades are given priority. KSA has personal trading policies that require reporting by its associated persons and monitoring of their personal trades.</p>

<b>Schedule F of Form ADV Continuation Sheet for Form ADV Part II</b>	Applicant: Ken Stern & Associates, Inc.	SEC File Number: 801-56991	Date: 05/17/2006
---	--	-------------------------------	---------------------

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Ken Stern & Associates, Inc.	IRS Empl. Ident. No.: 33-0879374
---	-------------------------------------

Item of Form (identify)	Answer
Item 10	Ken Stern and Associates impose a \$100,000.00 minimum account for all managed asset accounts. This account minimum may be waived at KSA's sole discretion.
Item 12	<p><u>Block Trading</u> In placing its orders to purchase or sell securities in accounts, principals of the firm may elect to aggregate orders. In so doing, the firm</p> <ul style="list-style-type: none"> <li>will not aggregate transactions unless aggregation is consistent with its duty to seek best execution and the terms of adviser's investment advisory agreement with each client for which trades are being aggregated;</li> <li>no advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all adviser's transactions in that security on a given business day. Transaction costs are assigned to each client individually at the rate indicated in each client's Investment Management Agreement. This may result in clients being charged different transaction fees for the same trade. In some circumstances, at KSA's sole discretion, transaction fees may be discounted or not charged at all. Doing so in no way alters the existing Investment Management Agreement in place;</li> <li>adviser will prepare, before entering an aggregated order, a written statement ("Allocation Statement") specifying the participating client accounts and how it intends to allocate the order among those clients;</li> <li>if the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the Allocation Statement; if the order is partially filled, it will be allocated pro-rata based on the Allocation Statement;</li> <li>notwithstanding the foregoing, the order may be allocated on a basis different from that specified in the Allocation Statement if all client accounts receive fair and equitable treatment and the reason for different allocation is explained in writing and is approved in writing by adviser's compliance officer no later than one hour after the opening of the markets on the trading day following the day the order was executed;</li> <li>adviser's books and records will separately reflect, for each client account, the orders of which are aggregated, the securities held by, and bought and sold for that account;</li> <li>funds and securities of clients whose orders are aggregated will be deposited with one or more banks or broker-dealers, and neither the client's cash nor their securities will be held collectively any longer than is necessary to settle the purchase or sale in question on a delivery versus payment basis; cash or securities held collectively for clients will be delivered out to the custodian bank or broker-dealer as soon as practicable following the settlement;</li> <li>adviser will receive no additional compensation of any kind as a result of the proposed aggregation; and</li> <li>individual investment advice and treatment will be accorded to each advisory client.</li> </ul> <p><u>Discretionary Brokerage</u> Generally, all client accounts for which KSA places transactions will include discretionary brokerage authority, including the broker used and the commission rates paid. As discussed earlier, KSA generally uses FAS to execute transactions for virtually all KSA advisory clients. In placing transactions through FAS, KSA recognizes its duty to obtain best execution for its clients. In determining best execution, KSA looks at available prices and commission rates. In addition to looking at prices and commissions in determining best execution, KSA looks at such factors as: execution capabilities of FAS versus other brokers; research capacity (including economic forecasts, investment strategy advice, fundamental and technical advice on individual securities, valuation advice and market analysis), custodial and other services provided by FAS versus other brokers; the size of the transaction; difficulty of execution; operational facilities of FAS versus other brokers; the risk in positioning a block of securities; and the quality of overall brokerage and research services of FAS versus other brokers.</p> <p>Generally, KSA believes that FAS can offer best execution on behalf of KSA clients taking into account such factors as those listed above. However, after considering such factors, KSA may, using its good faith judgment, determine that another broker may offer best execution. In those cases, KSA will use its discretionary brokerage authority to place the transaction through that broker.</p> <p style="text-align: center;">Schedule F - Page 5</p>

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

<b>Schedule F of Form ADV Continuation Sheet for Form ADV Part II</b>	Applicant: Ken Stern & Associates, Inc.	SEC File Number: 801-56991	Date: 05/17/2006
---	--	-------------------------------	---------------------

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Ken Stern & Associates, Inc.	IRS Empl. Ident. No.: 33-0879374
---	-------------------------------------

Item of Form (identify)	Answer
----------------------------	--------

Item 12 (cont.)	<p><u>Client-Directed Brokerage</u> Although client account transactions will almost exclusively be placed through FAS, when a client directs KSA to execute all or some transactions for the client's account through a specific broker other than FAS, usually KSA does not negotiate brokerage commissions. Commissions must be determined directly between the client and the broker to whom brokerage is directed. As a result, the client may pay higher or lower commissions than if FAS or another broker selected by KSA had executed the transaction due to such factors as: (a) the client's arrangement with the broker; (b) issues such as the number of securities traded, round or odd lots and the market for the security; and (c) the fact that the client is foregoing any benefit from the savings on execution costs that FAS may have provided or may have been obtained by KSA from negotiating with another broker. In addition, the client may not receive the lowest available price for certain transactions.</p> <p>Participants in KSA wrap fee program will pay excess brokerage fees if they direct transactions to other brokers since the wrap fee program fees includes payment for brokerage services.</p> <p><u>Proxy Voting</u> Ken Stern &amp; Associates does not vote proxies. It is the client's responsibility to vote proxies.</p>
13.A	<p>As disclosed earlier in this Schedule F, the associated persons of KSA receive commissions and 12b-1 fees or commissions from mutual funds in connection with investments made on behalf of KSA clients. Associated persons of KSA and FAS may also receive incentive prizes or awards from investment product sponsors.</p> <p>Additionally, various mutual funds, stock issuers, or research firms may sponsor KSA endeavors, provide due diligence meetings or fees to perform due diligence reviews.</p>
13.B	<p>As earlier disclosed, KSA has referral relationships with certain law firms that prepare estate planning documents. While KSA does not receive or pay a fee associated with these referrals, KSA receives an economic benefit by participating in the relationships.</p> <p>Additionally, KSA pays a percentage of management fees earned to representatives of FAS who refer and/or solicit client accounts for KSA. All representatives of FAS who are engaged in this referral/solicitation are properly licensed to conduct securities business by FINRA. The percentage of management fees paid to these representatives varies between 16% and 50% of each calendar quarter's gross client billings. These referral fees will not affect the fees paid by the client.</p>