

Item 1 - Cover Page



KCM Investment Advisors LLC

Form ADV: Part II

This Form ADV, Part II constitutes KCM Investment Advisors LLC (hereinafter sometimes KCM) information brochure regarding the advisory services we offer and provide to clients. It describes our services and many of the practices we use in connection with managing portfolios. In addition, it includes the following important information:

- A summary of KCM's Proxy Voting Policy
- Client Directed Trades and Un-Managed Holdings
- KCM Privacy Policy and Information Security Program

Updated Effective: July 18, 2011
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Item 2 – Material Changes

On July 28, 2010, the United State Securities and Exchange Commission (the “SEC”) published “Amendments to Form ADV” which amends the disclosure document that KCM provides to clients as required by SEC rules. This brochure dated January 31, 2011 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 KCM’s previous ADV Part II did not require.

In the future, this Item will discuss only specific material changes that are made to the brochure and provide clients with a summary of such changes. KCM will also reference the date of its last annual update of this brochure. In the past KCM has offered or delivered information about its qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC rules, KCM will ensure that you receive a summary of any material changes to this and subsequent brochures within 120 days of the close of KCM’s fiscal year. KCM may further provide other ongoing disclosure information about material changes as necessary.

Currently, KCM’s ADV Part II may be requested by contacting Mary Coyne or Ray Randolph @ (415) 461-7788 or via email to info@KCMAdvisors.com. Additional information about KCM is also available via the SEC’s web site www.adviserinfo.sec.gov and at www.kcmadvisors.com.

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Item 4 – Advisory Business

KCM Investment Advisors LLC (“KCM”) is a San Francisco Bay Area based Registered Investment Adviser offering a variety of portfolio solutions. KCM is 100% privately held and has no outside ownership. We began managing domestic equity and fixed income accounts in 1996 and now serve a diverse range of clients including high net-worth individuals and families, pensions, corporate, Taft-Hartley, foundations, and endowments from coast to coast.

KCM provides “investment supervisory services” to its clients. These supervisory services primarily consist of the following activities:

- Creation and management of customized, and structured portfolios based upon the client’s investment objectives and restrictions;
- Periodic re-balancing of accounts managed by KCM consistent with the account’s investment objectives and restrictions;
- Implementation of the investment strategies by executing portfolio transactions as needed; and
- Furnishing client reports concerning separate account activity, strategy and performance.

While many clients come to KCM looking for one particular strategy, most individual accounts have chosen to custom tailor their accounts with a customized combination of high quality equities, investment quality fixed income, preferred stocks and exchange traded fund (ETFs), as well as open and closed-end mutual funds.

As of December 31, 2010, KCM manages \$2.6 billion in client assets, all on a discretionary basis

Investment Manager Education Background and Business Experience

JAY A. KELLETT

Mr. Kellett was born in 1945, and serves as KCM’s acting CEO and CIO. Jay received a BS degree from the University of Wisconsin at Madison, where he also attended the Graduate School of Business and Finance. In January of 1970, Mr. Kellett joined Smith Barney & Co. in the corporate bond department in New York and was transferred to San Francisco as a member of the institutional fixed income department. In 1981, Mr. Kellett joined Merrill Lynch as a Sr. Vice President to establish the firm’s West Coast fixed income department, and in 1988 joined Prudential Securities as Senior Vice President and Western Regional Manager. Mr. Kellett is a highly esteemed specialist in the areas of investment management analytics, technology systems and design. His professional qualifications include designations as a General Securities Principal, Registered Options Principal, Universal State Securities Representative, Interest Rate Options Principal, Commodities Futures Principal, and Municipal Securities Principal. Founded KCM in 1996.

John A. Lundin

Born in 1950, Mr. Lundin serves as Senior Portfolio Manager. Mr. Lundin graduated from the University of California, Berkeley in 1973 with a BA degree in Economics. He received an MBA in finance from Golden Gate University in 1981. Mr. Lundin began his career with the U.S. Department of the Treasury Comptroller of the Currency as a National Bank Examiner in 1973. In 1977, he joined Bank of America in the Credit Examination Department – Bankwide, which monitored major credits worldwide and loan losses. In 1981, he joined Scudder, Stevens and Clark, later renamed Scudder Investments. He was a Senior Vice President and Portfolio Manager in charge of the Private Investment Counsel Group in San Francisco which specialized in equity and fixed income securities for high net worth individuals. Mr. Lundin is a member of the Chartered Financial Analysts Society of San Francisco and joined KCM in 2000.

John C. Pogue

Born in 1943 Mr. Pogue serves as Senior Portfolio Manager since 2003. John graduated from Trinity College, Hartford CT, in 1966 with a BA degree in economics. Following three years of active duty as a Naval officer aboard the USS Regulus, Mr. Pogue began his investment career in 1970 with Wells Fargo Bank as a municipal bond trader and, eventually, as Vice President in charge of the taxable bond department. In 1976, Mr. Pogue joined the institutional bond department of A.G. Becker (acquired by Merrill Lynch), and in 1979 opened and managed a West Coast office for Briggs, Schaedel & Co. (a Primary Government Dealer). In 1983, Mr. Pogue became a Sr. Vice President at Dean Witter Reynolds with West Coast responsibility for securities 1997 Mr. Pogue institutional taxable fixed income securities. In 1997, Mr. Pogue started Pogue Capital Management.

Patricia A Small

Born in 1945, Ms. Small serves as Senior Portfolio Manager, and graduated from Marymount College in 1967 with a BA degree in Economics. Most recently, Ms. Small served as the Treasurer of the Regents of The University of California, and was affiliated with the Treasurer's Office for more than 28 years. Regarded as one of the highest rated institutional funds nationwide, Ms. Small was responsible for the internal management of all equity, fixed income and private equity assets totaling more than \$58 billion. She served on the UC Retirement System Board for fifteen years, a Director of the Emerging Markets Growth Fund at Capital International, Inc, for ten years, served a term as a Board Governor of the CFA Institute and is currently an Advisory Board Member of Blackrock's Private Equity Program. In addition, she has served on the advisory boards of several emerging market private equity funds, served on the Finance Committee of Marin General Hospital, and served as Treasurer of the Ohana Foundation. Ms. Small is a member of the Chartered Financial Analysts Society of San Francisco and joined KCM in 2001.

William L. Prince, CFA

Mr. Prince was born in 1956, and has served as KCM's Chief Operating Officer and Portfolio Manager since 2000. Bill graduated with Bachelors of Arts cum laude majoring in Philosophy and Music in 1978, and earned the Chartered Financial Analyst (CFA) designation in 2004. Mr. Prince has considerable private client and institutional experience, having held positions of Director of Investment Management Services at

RNC Capital Management in Los Angeles, California 1986-1988 , Senior Regulatory Securities Accountant with Jefferies and Co., Los Angeles, California 1988-1992, and Vice President and Director of Operations at Wall Street Associates, La Jolla, California from 1992 to 2000 where he served on the Investment Committee for this leading national SMID managers. Mr. Prince provides considerable expertise in the areas of benchmark analytics, stock screening, research, trading and trading technology. Mr. Prince has been a member of the New York Society of Security Analysts since 1999 and the Chartered Financial Analysts Society of San Francisco since 2004.

Donald O. Jesberg

Born in 1955, Don has served as Senior Portfolio Manager since 2006. Mr. Jesberg graduated from the University of Southern California in 1977 with a Bachelors degree in Business Administration with an emphasis in Finance. Don has been in the investment business for more than 30 years with various brokerage and investment advisory firms. Prior to joining KCM Don served as Vice President at Reynolds Capital Management in Larkspur, California working with individually managed portfolios and serving as an officer for the Reynolds Funds, Inc.

Additional Manager Disclosure

Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item for the supervised person described herein.

Other Business Activities

Registered investment advisers are required to disclose all material facts regarding any other business activities that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item for the supervised person described herein.

Additional Compensation

Registered investment advisers are required to disclose all material facts regarding any additional compensation that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item for the supervised person described herein.

Supervision

All manager activities are overseen by the firm's Senior Portfolio Managers and the CCO. CCO activities are supervised by CEO.

Item 5 – Fees and Compensation

KCM provides professional management of stock and bond portfolios, for a fee based on the market values of the portfolios at the end of each quarter, payable quarterly, in arrears. Applicant's fees are negotiable. No particular ranges have been pre-established with respect to accounts that are the subject of negotiated fees. Applicant's basic annual fee structure is:

Cash Management	0.40%
Investment Grade Fixed Income	0.50%
Equities, ADRs, ETFs, ETNs	0.90%
Open and Closed End Mutual Funds,	0.90%
Preferred Stock and Hybrid Securities	0.90%

Investment advisory fees are billed quarterly generally in arrears based upon the market value of the account at the end of the current quarter. In some cases, a client is also billed for the balance of the quarter in which his account was opened in addition to the following full quarter. The term "quarter" refers to either a calendar quarter or the client's fiscal quarter. The initial quarterly fee for new clients is pro-rated based upon the date the account is opened. Clients of KCM are subject to a 30 day termination fee based upon assets under management at the date of termination. This fee may be charged, at the sole discretion of the Advisor.

At KCM's discretion, and often in circumstances involving larger accounts, including Cash Management Accounts, KCM's fees are negotiable. No particular ranges have been pre-established with respect to accounts that are the subject of negotiated fees. There are no fees payable before service is provided. Clients and/or KCM may terminate the investment advisory contract upon 30 day written notice. KCM does not provide clients advice as to the tax deductibility of its advisors fees. Clients are directed to consult a tax professional to determine the potential tax deductibility of our fees.

Special circumstances may cause fees to vary from the above schedule. KCM may group multiple accounts of one client relationship together for purposes of calculating the fee. Or, KCM may not charge a fee to small accounts of a client because of the fee the client is paying on the total relationship. KCM reserves the right to negotiate fees with clients. KCM may charge higher or lower fees than those described above. KCM acts as portfolio manager for several wrap fee or special sub-advisor to an investment consultant type programs. KCM may add similar programs and relationships in the future. KCM's fees for portfolio management of wrap fee programs are based on assets managed and may be different from accounts managed by KCM directly. Some custody relationships require a minimum account size, or annual fee. Wrap-fee and overlay clients receive a brochure from the introducing sponsor detailing all aspects of the wrap-fee or overlay program before selecting KCM as the sub-advisor. Fees and features of each program offered by the various introducing sponsors will vary. Wrap-fee or overlay clients should consult the introducing sponsor's brochure for the specific fees and features applicable to their program. For wrap-fee or overlay accounts, introducing sponsors and KCM generally share in a combined service fee charged by the introducing sponsor.

KCM is generally paid a portion of the fee by the introducing sponsor for advisory services, while the introducing sponsor retains the remainder for trade execution, custody and additional services.

KCM's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Such costs are exclusive of and in addition to KCM's fee, and KCM does not receive any portion of these costs. Please refer to Item 12 of this brochure regarding KCM's brokerage practices and the factors that KCM considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation. Furthermore, clients whose assets are invested in ETFs (Exchange Traded Funds), ETNs, (Exchange Traded Notes), Mutual Funds, and Money Market Accounts where a management fee is assessed as an expense, are in effect, paying two advisory fees. First, clients pay a regular quarterly fee on the money value of total assets under KCM's management, which includes the assets that are invested in the aforementioned funds. In addition, clients pay another fee to the investment adviser or sponsor of the fund based upon the amount of their investment in that fund.

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

KCM does not have any performance fee arrangements. If in the future KCM were to enter into such a fee arrangement with qualified clients, we will structure any performance or incentive fee arrangement subject to Section 205(a)(1) of the Investment Advisers Act of 1940.

Item 7 – Types of Clients

KCM provides portfolio management services to high net worth individuals, corporate pension and profit-sharing plans, charitable institutions, foundations, endowments, government entities, private investment funds, and trust program either through direct contract or through relationships with outside wealth managers and wrap sponsors. KCM generally has a minimum account size of \$500,000 for opening a direct account, based on the product in which the client invests, subject to negotiations.

KCM presently acts and/or reserves the right in the future to act as a Sub-Advisor for other Investment Consultants, Investment Advisors, Registered Investment Advisors and to various broker and broker-dealers as a preferred provider or managed account provider. KCM has agreements with certain outside and independent firms whereby KCM agrees to manage accounts, which select KCM as an investment advisor. Under these agreements, the client typically will pay a single fee based on a percentage of assets under management. In some arrangements the client has a separate agreement with KCM and pays KCM separately. In others arrangements, the client will pay one fee to the referring broker or advisors which would include consulting, manager search,

performance measurement, custodial services with a single fee based on a percentage of assets under management. In some programs, brokerage commissions may be included in the single fee.

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

KCM believes that superior investment results are driven by capitalizing on market mispricings. Our investment process is a blend of quantitative and fundamental research. For both equity, fixed income and balanced portfolios, KCM employs what it considers are the strengths of fundamental, technical and cyclical analysis.

Investing in securities involves risk of loss that clients should be prepared to bear. KCM uses systems and analyses to achieve stable growth and income on a firm level, as well as portfolio specific risk controls, however, there is no guarantee that our strategies will prove effective in all market conditions.

KCM encourages all current and prospective clients to carefully consider; (i) committing to management only those funds that are not going to be needed for current purposes, and that can be invested on a long-term basis, usually a minimum of three to five years, (ii) that volatility from investing in securities can be expected to occur, and (iii) that current income and interest from dividends will most likely be minimal for equity only accounts, or from the equity portions of balanced portfolios.

KCM does not warrant or guarantee any type of return, nor assure or imply any kind of assurance or guarantee against loss of principal. All investments involve some type of risk, and KCM will work with each client to determine an optimal investment solution based upon your individual return requirements and objectives. **Any disclosure of past returns achieved by KCM or the broader markets should not be considered as a reliable predictor of future results**

Item 9 – Disciplinary Information

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

Item 10 – Other Financial Industry Activities and Affiliations

Item 10 is not applicable.

Item 11 – Code of Ethics

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

KCM's employees and managers are required to follow the Company's Code of Ethics. Subject to satisfying this company policy and applicable laws, managers and employees of KCM may trade for their own accounts in securities, which are recommended to and/or purchased for their clients. The Company's Code of Ethics is designed to assure that the activities, interests and relationships of the employees of KCM will not interfere with (i) making decisions in the best interest of advisory clients or (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Thus, the Code designates certain classes of securities as exempt securities and certain classes of transactions as exempt transactions, based upon a determination that these would not materially interfere with the best interests of KCM's clients. Employee trading is regularly monitored under the Code of Ethics in order to ensure employees comply with the Code of Ethics, and to ensure the Code of Ethics reasonably addresses conflicts of interest between KCM and its clients.

Additionally, in appropriate circumstances and consistent with a client's investment objectives, KCM anticipates that it will cause accounts over which it has full management authority to effect, and will recommend to investment advisory clients, the purchase or sale of securities in which accounts of KCM's other clients are at the same time effecting a purchase or sale in the same securities. Prior to entering into a specific transaction, a determination will be made by the persons performing the advisory duties for such account that participation in such transaction will most likely be relatively beneficial to such account.

KCM's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting William Prince, CCO.

Item 12 – Brokerage Practices

KCM generally receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is exercised in a manner consistent with the stated investment objectives for the particular client account.

Except in those instances where a client wishes to retain discretion over broker selection and commission rates, KCM accepts discretionary authority to determine the brokers used and the commissions paid. In the absence of any client direction to utilize a particular broker or dealer for the execution of transactions in any client accounts,

KCM's overriding objective in effecting portfolio transactions is to obtain the best combination of price and execution. KCM seeks to effect each transaction at a price and commission that provides the perceived most favorable total cost or proceeds reasonably attainable under the circumstances. KCM may consider various factors when selecting a broker or dealer, including, but not limited to: the nature of the portfolio transaction; the size of the transaction; the execution, clearing and settlement capabilities of the broker or dealer; the desired timing of the transaction; confidentiality; and, under appropriate circumstances, the availability of research and research-related services provided through such broker or dealer. Research services may be provided in the form of written reports, telephonic communications, economic and market data, credit analyses, news services, electronic information, analytic software, analyst earnings revisions, etc., and may contain information concerning securities markets, the economy, individual companies, pricing information and services, performance studies and other information providing assistance in the performance of KCM's investment decision-making responsibilities.

Research and Other Soft Dollar Benefits

In placing orders for the purchase and sale of securities for its clients, KCM seeks quality execution at favorable prices through responsible broker-dealers. In selecting broker-dealers to execute transactions, KCM considers such factors as the broker's reliability, the quality of its execution services, its financial condition, its commission rates on agency transactions, and the general brokerage and research services that it may provide. As authorized in Section 28(e) of the Securities Exchange Act of 1934, KCM may cause its clients to pay a broker-dealer that provides brokerage and research and portfolio analysis services to KCM an amount of commissions in excess of the commissions that another broker-dealer would have charged for effecting a transaction.

KCM does not have any contractual arrangements in place and does not currently use brokerage commissions to obtain products or services which do not qualify for the safe harbor rules in Section 28(e) of the Act as above.

Research services furnished by brokers and dealers with whom KCM and its affiliates effect transactions may be beneficial to certain of the accounts advised by KCM. It is recognized that a particular account may be charged a commission paid to a firm who supplied research services not utilized by such account. However, KCM expects that each account will be benefited overall by such practice because each is receiving the benefit of research services and the execution of such transactions not otherwise available to it without the allocation of transactions based upon the recognition of the value to such research services. KCM assesses its commission policies, rates and allocations. This review considers the contributions and value of research services received from broker-dealers.

If a client decides to direct where its brokerage is placed by KCM, the client should consider: (i) KCM has existing integrated trading and reporting systems with some brokers which reduce the cost of transacting business with those brokers; (ii) a client who directs KCM to use a specific broker may pay higher commissions on some

transactions than might be attainable by KCM, or may receive less favorable execution of some transactions, or both; (iii) a client who directs KCM may forego any benefit from savings on execution costs that KCM could obtain for its clients through negotiating volume discounts on batched transactions; (iv) a client who directs KCM may restrict KCM from receiving research-related products and services available from other brokers; (v) KCM may not begin to execute client securities transactions with broker-dealers which have been directed by clients until all non-directed brokerage orders are completed; and (vi) clients directing commissions may not generate returns equal to clients which do not direct commissions.

In the event that trade allocation is relevant, KCM's trade allocation policy is designed to ensure fair and equitable allocation of investment opportunities among accounts over time and to ensure compliance with applicable regulatory requirements. Accounts are treated in a non-preferential manner, such that allocations are not based upon account performance, fee structure or Portfolio Manager. This policy is not intended to provide mathematical precision in all instances. Likewise, the timing of an account's funding and/or the timing of contributions or withdrawals will impact the timing and nature of actions taken. As a result, variations in the positions and weights will naturally exist between client accounts.

When blocking orders together, portfolio managers must designate allocations by account prior to placing an order with trading. Fully executed orders will be allocated on a pro-rata, average price basis. Partial fills of orders will also be allocated pro-rata, on an average price basis, subject to certain limited exceptions. In the case of partially filled and partial completes limit orders, KCM's trading desk employs a random account generator to ensure impartial fairness for allocation decisions.

Item 13 – Review of Accounts

Accounts are reviewed on a regular basis by a senior member of the portfolio management team assigned to the account. Accounts are reviewed: (1) when a decision has been made regarding a security held in the account, such as the addition, liquidation or the switching of a position, (2) when prompted by client communication, (3) when notified of a contribution or withdrawal of assets, (4) when a decision has been made to alter the asset allocation, (5) at the discretion of the portfolio manager.

Generally, reports are furnished to each client on a quarterly basis. Reports generally include a written Market Commentary, Portfolio Summary, Assets in Portfolio, and Transaction Schedule. Additional reports may be provided upon request

Item 14 – Client Referrals and Other Compensation

KCM has entered into an agreement with Charles Schwab & Co., Inc. an independent and unaffiliated broker-dealer ("Schwab") to participate in the Schwab Advisor Network ("the Service"), an advisor referral service designed to help investors find an

independent professional Investment Manager/Advisor in their area. KCM has agreed to pay Schwab a fee for participating in the Service. This fee may be increased, decreased or waived by Schwab from time to time. KCM may charge advisor clients introduced by the Service, fees or costs greater than the fees or costs KCM charges its advisory clients who were not introduced by the Service, and who have similar portfolios under management with KCM.

KCM may recommend to a client a broker/dealer that has referred clients to KCM only when KCM believes that said broker/dealer is capable of providing the high level of services to the client and when fees and expenses associated with said broker/dealer are deemed to be fair and reasonable for the level of service provided. In some cases KCM will direct brokerage to certain brokers or dealers who have also referred clients to KCM. Under such circumstances, the client is not, in all instances, assured of the lowest commissions and/or broker/dealer compensation. In addition to the Service as mentioned in paragraph above, KCM participates and/or may at a future date participate in a number of referral programs that provide qualified leads to KCM. Participation in these programs may pose potential conflicts of interest. KCM does not directly compensate the program sponsor for these leads. The leads are not required to custody their assets with the program sponsor. If the lead decides to engage the services of the program sponsor, it should be assumed that the program sponsor will be the primary broker for the account and, as a result, will receive compensation in the form of brokerage commissions and related fees by the sponsor for the account.

Item 15 – Custody

KCM does not take custody or possession of any assets or securities of any client, except as is required in conjunction with the pre-approved collection of client fees.

Clients generally receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains custody of client assets. Clients are encouraged to carefully review such statements and to compare such official custodial records to the account statements that KCM may provide to clients or their advisers. KCM statements may vary occasionally from custodial statements based on accounting procedures, accrued interest for fixed income securities, reporting dates, or valuation methodologies of certain securities.

Item 16 – Investment Discretion

Generally, KCM clients grant it full discretionary authority over securities purchases and sales, subject to investment objectives and guidelines that are established by agreement between KCM and the client at the time the account is opened. Absent instructions to the contrary from the client, KCM has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, amount of securities to be bought or sold, broker/dealer to be used and commission rates to be paid.

The investment advice given to each client is based on the client's investment objectives and individual needs. **KCM will rely upon you**, the client, to update us about any changes in your life or in the status of the account that may affect issues such as risk tolerance, income requirements, taxes, investment time horizon, downside risk, or return requirement. KCM does not believe in a one-size-fits-all approach, and our business is structured to provide individualized and customized accounts advice, structure and management.

In certain situations client accounts may come to KCM with stock, bond or mutual fund holdings identified by the client to be retained or client desires to control the size and value of this holding in the portfolio account. At the beginning of our client/advisor relationship, KCM will code these securities as "Un-Managed" (previously "Unsupervised"). We shall not vote proxies, have dispositive power, nor vote on issues relating to tender offers or recapitalizations. Accordingly, it is incumbent upon you, the de-facto owner of these Un-Managed securities to obtain the necessary forms from your broker or custodian to vote proxies and other corporate governance issues that arise from time to time. KCM will identify these holdings clearly and distinctly as "Un-Managed" on each regularly prepared statement of account. Through this disclosure, KCM relinquishes all responsibility for these securities, their merits or suitability for the portfolio or the account holder, and will not be included as a billable asset or part of the billable account in accordance with our fee schedule as defined in this document.

Where KCM has discretion to select the executing broker, KCM will endeavor to select those brokers or dealers which will provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on the broker's ability to provide professional services, competitive commission rates, research and other services, which will help KCM in providing investment management services to clients. KCM may, therefore, recommend the use of (or use) a broker who provides useful research and securities and portfolio management services even though a lower commission may be charged by a broker who offers no research services and minimal securities transaction assistance.

Item 17 – Voting Client Securities

Proxy voting policies and procedures are required by Rule 206(4)-6 of the Advisers Act. KCM's Proxy Voting Policy and Procedures, which are currently effective, are reviewed at least annually to ensure that they are adequate and effective.

KCM has adopted Proxy Voting Policy Procedures that are reasonably designed to ensure that KCM is voting in the best interest of its clients. The Proxy Procedures reflect KCM's general voting positions on specific corporate governance issues and corporate actions. Some issues may require a case-by-case analysis prior to voting and may result in a vote being cast that will deviate from the Proxy Procedures. Upon receipt of a client's written request, KCM may also vote proxies for that client's account in a particular manner that may differ from the Proxy Procedures.

Proxy voting decisions will be made according to guidelines designed and geared to protect the long-term economic interests of the client. In general, KCM will vote in accordance with management's recommendations as to matter dealing with;

- (i) Appointment of auditors
- (ii) Routine election of directors
- (iii) Improvements in employee stock option plan (dilution not to exceed 3%)
- (iv) Stock splits
- (v) Amendment of Articles of Incorporation or By-laws to coincide with changes in Federal or State regulations.

In general KCM will vote against management as to matters dealing with;

- (i) Poison pill initiatives
- (ii) Classifying the Board of Directors
- (iii) Outside Non-employee stock option or stock compensation scheme
- (iv) Anti-takeover measures

Each account's custodian will be relied upon to forward all relevant proxy materials to KCM, either electronically or in physical form to the address of record. Receipt of proxies will be recorded and will be voted upon on a timely basis.

Item 18 – Financial Information

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

Item 19 – Client Directed Trades and Un-Managed Holdings

KCM manages many accounts held at brokerage firms and custodian banks. These custodial agents (Charles Schwab, Smith Barney, Fidelity Investments, Union Bank, etc) will accept orders from you, the registered account holder. These orders are generally coded "unsolicited." Should you, the registered account holder place orders to buy or sell securities in your account, either at a branch office, over the telephone or through some kind of on-line electronic mechanism, KCM **will not** be responsible for this security transaction, nor will be assumed to have knowledge of the value nor merits of the investment. KCM will not, in most instances be qualified to offer more than a cursory opinion about this security holding. We will code any such purchase in your account as "Un-Managed" formerly "Unsupervised". In doing so, KCM will forego any trading and/or voting authority relating to this holding(s), and shall not vote proxies or make judgments regarding tender offers, mergers, reorganizations or other corporate governance issues that may arise in the future. Accordingly, all assets marked "Un-Managed" are not included as billable assets. When KCM sends you a monthly and/or quarterly statement of account, "Un-Managed Assets" formerly "Unsupervised" are segregated away from the securities managed by KCM on your periodic statement of account, and clearly labeled as "Un-Managed" securities.

In a similar fashion, client accounts may come to KCM with stock, bond or mutual fund holdings identified by the client that he/she wishes to retain or desires to control the size and value of this holding in the portfolio account. At the beginning of our client/advisor relationship, KCM will code these securities as "Un-Managed." We shall not vote proxies, have dispositive power, nor vote on issues relating to tender offers or recapitalizations. Accordingly, it is incumbent upon you, the de-facto share or bondholder to obtain the necessary forms from your broker or custodian to vote proxies and other corporate governance issues that arise from time to time. As with the paragraph above, KCM will identify these holdings clearly and distinctly as "Un-Managed" on each regularly prepared statement of account. Through this disclosure, KCM relinquishes all responsibility for these securities, their merits or suitability for the portfolio or the account holder, and will not be included as a billable asset or part of the billable account in accordance with our fee schedule as defined in this document.

Item 20 – KCM Privacy Policy and Information Security Program

Pursuant to SEC best practices and the Commonwealth of Massachusetts Standards for Protection of Personal Information, KCM Investment Advisors LCC (KCM) has adopted a robust Privacy Policy aimed at protecting all client confidential and nonpublic information and to safeguard personal information contained in both paper and electronic records. The objectives of this requirement are to ensure the security and confidentiality of client information in a manner fully consistent with industry standards, and to protect against unauthorized access to or use of such information that may result in substantial harm or inconvenience to any client.

KCM has a commitment to the safeguarding against unauthorized acquisition or unauthorized use of unencrypted data, or encrypted electronic data for all clients. To this end the following persons are designated to implement, review and revise as necessary a comprehensive information security program: Chief Compliance Officer (CCO), Chief Technology Officer (CTO). The primary objectives for the CCO and CTO are to identify and assess reasonably foreseeable internal and external risks to the security, confidentiality and/or integrity of any electronic, paper or other records containing personal information and evaluating and improving, where necessary, the effectiveness of our current safeguards for limiting such risks. To this end, KCM employs;

1. Ongoing employee training
2. Testing of electronic encryption
3. Setting policy for employees relating to the storage, access and transportation of client records.

KCM does not share any nonpublic personal information with any nonaffiliated third parties, except in the following circumstances:

1. As necessary to provide the service that the client has requested or authorized, or to maintain and service the client's account;

2. As required by regulatory authorities or law enforcement officials who have jurisdiction over KCM or as otherwise required by any applicable law; and
3. To the extent reasonably necessary to prevent fraud and unauthorized transactions.

KCM's managers and employees ("KCM Personnel") are prohibited, either during or after termination of their employment, from disclosing nonpublic personal information to any person or entity outside of the Registered Investment Advisor / Client relationship, except under the circumstances described above. KCM Personnel are permitted to disclose nonpublic personal information only to such other KCM Personnel who need to have access to such information to deliver our services to the client.

Security of Client Information

KCM restricts access to nonpublic personal information to KCM Personnel who need to know such information to provide services for the client. Any KCM Personnel who are authorized to have access to nonpublic personal information are required to keep such information in a confidential compartment or receptacle on a daily basis as of the close of business each day. All electronic or computer files containing such information shall be password secured and firewall protected from access by unauthorized persons. Any conversations involving nonpublic personal information, if appropriate at all, must be conducted by KCM Personnel in private, and care must be taken to avoid any unauthorized persons overhearing or intercepting such conversations.

Privacy Notices

KCM will provide each client with an initial notice of the KCM's privacy policy at the earlier of the time Part II of the KCM's Form ADV is delivered or an account is established. KCM maintains a web site, and the privacy policy will be posted to the site.

Disposal of Nonpublic Personal Information

KCM will shred, deliver to a document destruction firm, or other render illegible hard copies of any customer or consumer nonpublic personal information in its possession when the KCM deems possession of the information to no longer be necessary.

Nonpublic personal information stored on disk, CD, tape or other electronic media shall be cleared, purged, declassified, overwritten and/or encrypted in such a manner so that any information contained therein cannot be restored or decrypted. After the electronic media is cleared, purged, declassified, overwritten or encrypted, the CTO shall check that the original information is not backed-up or saved on a hard drive, recycle bin or other memories.

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Jay A. Kellett

**KCM Investment Advisors LLC
750 Lindero Street, Suite 250, San Rafael CA 94901
(415) 461-7788**

This Brochure Supplement provides information about Jay Kellett that supplements the KCM Investment Advisors LLC Brochure. You should have received a copy of that Brochure. Please contact our firm's Chief Compliance Officer if you did not receive KCM Investment Advisors LLC's Brochure or if you have any questions @ Compliance@Kcmadvisors.com, or (800)287-5555.

Item 2 – Educational Background and Business Experience

Mr. Kellett was born in 1945, and serves as KCM’s acting CEO and CIO. Jay received a BS degree from the University of Wisconsin at Madison, where he also attended the Graduate School of Business and Finance. In January of 1970, Mr. Kellett joined Smith Barney & Co. in the corporate bond department in New York and was transferred to San Francisco as a member of the institutional fixed income department. In 1981, Mr. Kellett joined Merrill Lynch as a Sr. Vice President to establish the firm’s West Coast fixed income department, and in 1988 joined Prudential Securities as Senior Vice President and Western Regional Manager. Mr. Kellett is a highly esteemed specialist in the areas of investment management analytics, technology systems and design. His professional qualifications include designations as a General Securities Principal, Registered Options Principal, Universal State Securities Representative, Interest Rate Options Principal, Commodities Futures Principal, and Municipal Securities Principal. Jay founded KCM in 1996.

Item 3 – Disciplinary Information

Registered Investment Advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item for the supervised person described herein.

Item 4 – Other Business Activities

Registered Investment Advisers are required to disclose all material facts regarding any other business activities that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item for the supervised person described herein.

Item 5 – Additional Compensation

Registered Investment Advisers are required to disclose all material facts regarding additional compensation that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item for the supervised person described herein.

Item 6 – Supervision

Mr. Kellett’s portfolio management activities are overseen by the firm’s Chief Compliance Officer and the firm’s Senior Portfolio Managers as listed herein. The Chief Compliance Officer (415) 461-7788 or Compliance@KCMAdvisors.com

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John A. Lundin

**KCM Investment Advisors LLC
750 Lindero Street, Suite 250, San Rafael CA 94901
(415) 461-7788**

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Item 2 – Educational Background and Business Experience

Born in 1950, Mr. Lundin serves as Senior Portfolio Manager. Mr. Lundin graduated from the University of California, Berkeley in 1973 with a BA degree in Economics. He received an MBA in finance from Golden Gate University in 1981. Mr. Lundin began his career with the U.S. Department of the Treasury Comptroller of the Currency as a National Bank Examiner in 1973. In 1977, he joined Bank of America in the Credit Examination Department – Bankwide, which monitored major credits worldwide and loan losses. In 1981, he joined Scudder, Stevens and Clark, later renamed Scudder Investments. He was a Senior Vice President and Portfolio Manager in charge of the Private Investment Counsel Group in San Francisco which specialized in equity and fixed income securities for high net worth individuals. Mr. Lundin is a member of the Chartered Financial Analysts Society of San Francisco and joined KCM in 2000.

Item 3 – Disciplinary Information

Registered Investment Advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item for the supervised person described herein.

Item 4 – Other Business Activities

Registered Investment Advisers are required to disclose all material facts regarding any other business activities that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item for the supervised person described herein.

Item 5 – Additional Compensation

Registered Investment Advisers are required to disclose all material facts regarding additional compensation that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item for the supervised person described herein.

Item 6 – Supervision

Mr. Lundin’s portfolio management activities are overseen by the firm’s Chief Compliance Officer and the firm’s Senior Portfolio Managers as listed herein. The Chief Compliance Officer (415) 461-7788 or Compliance@KCMAdvisors.com

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John C. Pogue

**KCM Investment Advisors LLC
750 Lindero Street, Suite 250, San Rafael CA 94901
(415) 461-7788**

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Item 2 – Educational Background and Business Experience

Born in 1943 Mr. Pogue serves as Senior Portfolio Manager since 2003. John graduated from Trinity College, Hartford CT, in 1966 with a BA degree in economics. Following three years of active duty as a Naval officer aboard the USS Regulus, Mr. Pogue began his investment career in 1970 with Wells Fargo Bank as a municipal bond trader and, eventually, as Vice President in charge of the taxable bond department. In 1976, Mr. Pogue joined the institutional bond department of A.G. Becker (acquired by Merrill Lynch), and in 1979 opened and managed a West Coast office for Briggs, Schaedel & Co. (a Primary Government Dealer). In 1983, Mr. Pogue became a Sr. Vice President at Dean Witter Reynolds with West Coast responsibility for securities 1997 Mr. Pogue institutional taxable fixed income securities. In 1997, Mr. Pogue started Pogue Capital Management.

Item 3 – Disciplinary Information

Registered Investment Advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item for the supervised person described herein.

Item 4 – Other Business Activities

Registered Investment Advisers are required to disclose all material facts regarding any other business activities that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item for the supervised person described herein.

Item 5 – Additional Compensation

Registered Investment Advisers are required to disclose all material facts regarding additional compensation that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item for the supervised person described herein.

Item 6 – Supervision

Mr. Pogue's portfolio management activities are overseen by the firm's Chief Compliance Officer and the firm's Senior Portfolio Managers as listed herein. The Chief Compliance Officer (415) 461-7788 or Compliance@KCMAdvisors.com

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Patricia A. Small

**KCM Investment Advisors LLC
750 Lindero Street, Suite 250, San Rafael CA 94901
(415) 461-7788**

This Brochure Supplement provides information about Patricia Small-Kellett that supplements the KCM Investment Advisors LLC Brochure. You should have received a copy of that Brochure. Please contact our firm's Chief Compliance Officer if you did not receive KCM Investment Advisors LLC's Brochure or if you have any questions @ Compliance@Kcmadvisors.com, or (800)287-5555.

Item 2 – Educational Background and Business Experience

Born in 1945, Ms. Small serves as Senior Portfolio Manager, and graduated from Marymount College in 1967 with a BA degree in Economics. Most recently, Ms. Small served as the Treasurer of the Regents of The University of California, and was affiliated with the Treasurer’s Office for more than 28 years. Regarded as one of the highest rated institutional funds nationwide, Ms. Small was responsible for the internal management of all equity, fixed income and private equity assets totaling more than \$58 billion. She served on the UC Retirement System Board for fifteen years, a Director of the Emerging Markets Growth Fund at Capital International, Inc, for ten years, served a term as a Board Governor of the CFA Institute and is currently an Advisory Board Member of Blackrock’s Private Equity Program. Ms. Small is a member of the Chartered Financial Analysts Society of San Francisco and joined KCM in 2001.

Item 3 – Disciplinary Information

Registered Investment Advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item for the supervised person described herein.

Item 4 – Other Business Activities

Registered Investment Advisers are required to disclose all material facts regarding any other business activities that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item for the supervised person described herein.

Item 5 – Additional Compensation

Registered Investment Advisers are required to disclose all material facts regarding additional compensation that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item for the supervised person described herein.

Item 6 – Supervision

Ms. Small’s portfolio management activities are overseen by the firm’s Chief Compliance Officer and the firm’s Senior Portfolio Managers as listed herein. The Chief Compliance Officer (415) 461-7788 or Compliance@KCMAdvisors.com

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William L. Prince, CFA

**KCM Investment Advisors LLC
750 Lindero Street, Suite 250, San Rafael CA 94901
(415) 461-7788**

This Brochure Supplement provides information about William Prince that supplements the KCM Investment Advisors LLC Brochure. You should have received a copy of that Brochure. Please contact our firm's Chief Compliance Officer if you did not receive KCM Investment Advisors LLC's Brochure or if you have any questions @ Compliance@Kcmadvisors.com, or (800)287-5555.

Item 2 – Educational Background and Business Experience

Mr. Prince was born in 1956, and has served as KCM's Chief Operating Officer and Portfolio Manager since 2000. Bill graduated with Bachelors of Arts cum laude majoring in Philosophy and Music in 1978, and earned the Chartered Financial Analyst (CFA) designation in 2004. Mr. Prince has considerable private client and institutional experience, having held positions of Director of Investment Management Services at RNC Capital Management in Los Angeles, California 1986-1988 , Senior Regulatory Securities Accountant with Jefferies and Co., Los Angeles, California 1988-1992, and Vice President and Director of Operations at Wall Street Associates, La Jolla, California from 1992 to 2000 where he served on the Investment Committee for this leading national SMID managers. Mr. Prince provides considerable expertise in the areas of benchmark analytics, stock screening, research, trading and trading technology. Mr. Prince has been a member of the New York Society of Security Analysts since 1999 and the Chartered Financial Analysts Society of San Francisco since 2004.

Item 3 – Disciplinary Information

Registered Investment Advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item for the supervised person described herein.

Item 4 – Other Business Activities

Registered Investment Advisers are required to disclose all material facts regarding any other business activities that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item for the supervised person described herein.

Item 5 – Additional Compensation

Registered Investment Advisers are required to disclose all material facts regarding additional compensation that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item for the supervised person described herein.

Item 6 – Supervision

Mr. Prince's portfolio management activities are overseen by the Jay Kellett, CEO and the firm's Senior Portfolio Managers as listed herein. Jay Kellett (415) 461-7788 or JAK@Kcmadvisors.com

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Donald O. Jesberg

**KCM Investment Advisors LLC
750 Lindero Street, Suite 250, San Rafael CA 94901
(415) 461-7788**

This Brochure Supplement provides information about Donald Jesberg that supplements the KCM Investment Advisors LLC Brochure. You should have received a copy of that Brochure. Please contact our firm's Chief Compliance Officer if you did not receive KCM Investment Advisors LLC's Brochure or if you have any questions @ Compliance@Kcmadvisors.com, or (800)287-5555.

Item 2 – Educational Background and Business Experience

Born in 1955, Don has served as Senior Portfolio Manager since 2006. Mr. Jesberg graduated from the University of Southern California in 1977 with a Bachelors degree in Business Administration with an emphasis in Finance. Don has been in the investment business for more than 30 years with various brokerage and investment advisory firms. Prior to joining KCM Don served as Vice President at Reynolds Capital Management in Larkspur, California working with individually managed portfolios and serving as an officer for the Reynolds Funds, Inc.

Item 3 – Disciplinary Information

Registered Investment Advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item for the supervised person described herein.

Item 4 – Other Business Activities

Registered Investment Advisers are required to disclose all material facts regarding any other business activities that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item for the supervised person described herein.

Item 5 – Additional Compensation

Registered Investment Advisers are required to disclose all material facts regarding additional compensation that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item for the supervised person described herein.

Item 6 – Supervision

Mr. Jesberg's portfolio management activities are overseen by the firm's Chief Compliance Officer and the firm's Senior Portfolio Managers as listed herein. The Chief Compliance Officer (415) 461-7788 or Compliance@KCMAdvisors.com