

**Schedule F of
Form ADV
Continuation Sheet for Form ADV Part II**

Applicant:
Reynolds Investment Management, Inc.

SEC File Number:
801- **40973**

Date:
07/27/2007

(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: Reynolds Investment Management, Inc.		IRS Empl. Ident. No.: 57-1025561
Item of Form (identify)	Answer	
Part II - Page 2 Item 1.D.	<u>Investment Services and Fees</u> Reynolds Investment Management (RIM) charges an annual management fee equal to 0.75% of asset value, subject to a minimum annual fee of \$3,750. Client will be billed semiannually beginning three (3) months after account is funded. This management fee is for advisory and investment accounting services provided during the prior year and includes, but is not limited to, quarterly reporting, client meetings, and analysis, review, and implementation of investment recommendation. There is no additional fee for initial services consisting of: Analysis and evaluation of existing portfolio, review of investment objectives, preparation of investment policy statement, and implementation of recommended investment program using no load mutual funds and/or individual securities. The portion of client assets invested in mutual funds are subject to two advisory fees, the RIM investment advisory fee and the mutual fund management fee which is embedded in the fund expense ratio (whose fees are further described in prospectuses). There is no subsequent fee charged by RIM for transferring from one fund to another including transfer of assets to another investment advisor.	
Part II - Page 2 Item 1.D.	<u>Investment Advisory Agreement</u> Either party may terminate this Agreement at any time by giving written notice.	
Part II - Page 4 Item 5.	Reynolds Investment Management requires that associated persons who have decision making powers with respect to advisory accounts have earned a four year undergraduate degree.	

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

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Part II - Page 4 Item 6.	<p>Thomas J. Reynolds, III, CPA(9-22-60) is President of Reynolds Investment Management. From 1989 to 1995 he was responsible for conducting the investment advisory services of the predecessor advisory firm, Cooksey & Reynolds. He has been a financial analyst with Salomon Brothers, and a certified public accountant with Price Waterhouse. Mr. Reynolds graduated from the University of South Carolina in 1982 and is a member of the American Institute of Certified Public Accountants.</p> <p>Thomas J. Reynolds, Jr. (04-25-36) is a founding partner of Cooksey & Reynolds. He works primarily with the design and implementation of corporate benefit plans and advises clients on the financial aspects of estate planning. Mr. Reynolds received his BS degree from the University of South Carolina.</p> <p>Lora H. Johnstone, AAMS (10-7-69) joined Reynolds Investment Management in January of 1998. She graduated from Mars Hill College in 1991 with a BS concentrating in International Business and holds the designation of Accredited Asset Management Specialist (SM). Lora is the Chief Compliance Officer for Reynolds Investment Management and is responsible for coordinating office operations. She began her career handling marketing and administration for a Home Care and Hospice agency and subsequently marketed Real Estate with Century 21 while co-owning a restaurant.</p> <p>Jason E. Lewis (9-23-79) joined Reynolds Investment Management in August of 2005 as an Associate. He holds a BA in Business/Economics from Wofford College and the Series 65, Uniform Investment Adviser Law. Jason began his career in commercial Real Estate.</p>	
Part II - Page 4 Item 7.C.	<p>Thomas J. Reynolds, Jr. is a partner of Cooksey & Reynolds and is actively engaged in marketing financial services including estate planning, life insurance and corporate benefit plans. He devotes approximately 95% of his time to these activities.</p>	
Part II - Page 4 Item 8.C.(1) Page 6 Item 13.B.	<p>Reynolds Investment Management ("RIM") receives client referrals from Charles Schwab & Co., Inc. ("Schwab") through RIM's participation in Schwab Advisor Network™ ("the Service"). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with RIM. Schwab does not supervise RIM and has no responsibility for RIM's management of clients' portfolios or RIM's other advice or services. RIM pays Schwab fees to receive client referrals through the Service. RIM's participation in the Service may raise potential conflicts of interest described below.</p> <p>RIM pays Schwab Participation Fees on all referred clients' accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. Participation Fees are a percentage of the value of the assets in the client's account. RIM pays Schwab Participation Fees for so long as the referred client's account remains in custody at Schwab. Participation Fees are billed to RIM quarterly and may be increased, decreased or waived by Schwab from time to time. Participation Fees are paid by RIM and not by the client. RIM does not charge clients referred through the Service fees or costs greater than the fees or costs RIM charges clients with similar portfolios who were not referred through the Service.</p> <p>RIM generally pays Schwab a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from Schwab. The Non-Schwab</p>	

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Part II Page 4 & Item 8.C.(4) & (9)	<p>Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees Advisor generally would pay in a single year. Thus, RIM will have an incentive to recommend that client accounts be held in custody at Schwab.</p> <p>The Participation and Non-Schwab Custody Fees are based on the amount of assets in accounts of RIM's clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, RIM will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts at Schwab.</p> <p>For accounts of RIM's clients maintained in custody at Schwab, Schwab generally does not charge the client separately for custody but receives compensation from the client in the form of commissions or other transaction-related compensation on securities trades executed for the client's account. Clients also pay Schwab a fee for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees. Thus, RIM may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer. RIM nevertheless, acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Schwab may be executed through a different broker-dealer than trades for RIM's other clients. Thus, trades for accounts custodied at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.</p> <p>Thomas J. Reynolds, Jr. is a registered representative with The Investment Center, Inc., 1011 Route 22 West, Bridgewater, New Jersey 08807.</p> <p>This affiliation is primarily maintained for the marketing of variable life insurance products thru his partnership, Cooksey & Reynolds.</p> <p>Reynolds Investment Management does not execute client securities transactions thru The Investment Center, Inc.</p>

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Part II - Page 5 Item 9.E.	<p>Reynolds Investment Management and related parties buy and sell for itself securities that it also trades in client accounts.</p> <p>RIM aggregates equity trades for its clients which enables clients to receive the same execution price. RIM and related parties may participate in such trades, thereby receiving the same execution price as clients.</p>	
Part II - Page 5 Item 10	<p>Reynolds Investment Management does not impose a minimum dollar value of assets for maintaining an account. However, for new accounts there is a minimum annual fee of \$3,750.</p>	
Part II - Page 6 Item 12.A.	<p>Reynolds Investment Management (RIM) has the responsibility for voting proxies for portfolio securities consistent with the best interests of our clients unless any client explicitly retains responsibility for proxy voting. At the opening of each client relationship responsibility will be determined. As proxy materials are received they will be reviewed, voted and recorded.</p> <p>Upon request clients may obtain RIM's proxy voting policies and procedures and how their proxies have been voted. Requests are received by phone (864) 232-8670 or email info@RIMgt.com.</p>	
Part II - Page 6 Item 12.B.	<p>As a leading discount broker, Schwab's retail commission rates are generally less than those offered by full service firms. However, some brokers may offer comparable services at lower rates.</p> <p>Reynolds Investment Management (RIM) may require that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, Member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. RIM is independently owned and operated and not affiliated with Schwab. Schwab Institutional provides RIM with access to its institutional trading and operations services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors at no charge to them so long as a total of at least \$10 million of the advisor's clients' account assets are maintained at Schwab Institutional and is not otherwise contingent upon RIM committing to Schwab any specific amount of business (assets in custody or trading). Schwab Institutional's services include research, brokerage, custody, access to mutual funds and other investments that are otherwise available only to institutional investors or would require a significantly higher minimum initial investment.</p> <p>For RIM's clients' accounts maintained in its custody, Schwab generally does not charge separately for custody but is compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through Schwab or that settle into Schwab accounts.</p> <p>Schwab Institutional also makes available to RIM other products and services that benefit RIM but may not benefit its clients' accounts. Some of these other products and services assist RIM in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of RIM's fees</p>	

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	<p>from its clients' accounts, and assist with back-office support, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of RIM's accounts, including accounts not maintained at Schwab Institutional. Schwab Institutional may also provide RIM with other services intended to help RIM manage and further develop its business enterprise. These services may include consulting, publications and presentations on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, Schwab may make available, arrange and/or pay for these types of services to RIM by independent third parties. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to RIM. While as a fiduciary, RIM endeavors to act in its clients' best interests, and RIM's requirement that clients maintain their assets in accounts at Schwab may be based in part on the benefit to RIM of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.</p>

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