

DISCLOSURE BROCHURE

PREPARED IN COMPLIANCE WITH
THE INVESTMENT ADVISERS ACT OF 1940 RULE 204-3(A)



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REGISTERED INVESTMENT ADVISOR

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This Disclosure Brochure provides information about the qualifications and business practices of Rainey & Randall Investment Management, Inc., which should be considered before becoming a client. Please contact either Mr. Michael D. Rainey or Mr. Wayne F. Randall if you have any questions about the contents of this brochure.

The information contained in this Disclosure Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Administrator.

BROCHURE
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Material Changes

There are no material changes to report. This Disclosure Brochure has been reviewed and is current as of the date indicated on the cover.

EXECUTIVE

summary

WHO WE ARE

Rainey & Randall Investment Management, Inc. (hereinafter referred to as “the Company”, “we”, “us” and “our”) is a registered investment advisor¹ focused on assisting you and your family – including any business entity (profit or non-profit) – achieve your financial goals.

OUR MISSION

Our mission is to assist you in dealing with the vast array of financial alternatives and implications of life events with one overall objective in mind – preserve and expand your assets in a manner appropriate with your given level or risk.

WHAT WE DO

We offer investment management services, which stress fiscal responsibility and disciplined economic decision-making, ultimately designed to protect your monetary needs for today, tomorrow, and in the future. We provide this service through:

- ❖ Advice on how to best navigate the current economic and investment environment.
- ❖ The design of an asset allocation guideline unique to your predefined goals and objectives.
- ❖ Implementation of the investment and risk management strategies necessary to attain your financial goals.
- ❖ Monitoring the investment performance of such management strategies.

Earning your trust and confidence is a great compliment. We understand that when this is accomplished, you are at peace knowing your financial affairs are being managed with your best interest always in mind.

¹ The term “Registered Investment Advisor” is not intended to imply that Rainey & Randall Investment Management, Inc. has attained a certain level of skill or training. It is used strictly to reference the fact that we are “Registered” as an “Investment Advisor” with the United States Securities and Exchange Commission – and with such other regulatory agencies that may have limited regulatory jurisdiction over our business practices.





HOW WE GET TO KNOW YOU

We get to know you through one-on-one consultations to discuss issues such as your current income and expenses, career, personal goals, investment return expectations and prior investment experience. In addition, we have you complete a profile questionnaire² to provide us a picture of your financial needs.

With the complexity of today's marketplace, it is critical for us to understand who you are and what you want to accomplish financially. We must have a clear picture of your unique financial composition and risk tolerance so that we can develop a successful investment plan and tailored asset allocation guideline.

Our meetings with you to discuss your finances will help to eliminate much of the guesswork in achieving the security and independence you desire and simplify your financial alternatives. In return, we will have:

- ❖ Defined and narrowed objectives and investment options;
- ❖ Identified areas of greatest distress;
- ❖ Developed a strategy for addressing concerns about the future;
- ❖ Cultivated peace of mind; and,
- ❖ Created a unique picture of your overall economic personality.

Once your financial parameters have been identified, we will prepare a recommended allocation plan that outlines what asset mix is most suitable for your unique investment expectations and risk tolerance. This allocation plan will guide us in the management of your account(s), and as a standard against which to measure future results and to make modifications where necessary.

² The profile questionnaire we use is an important tool in gathering information about your investment methodology, risk tolerance, income/tax bracket, liquidity, time horizons, etc. If you elect not to answer the questionnaire or choose to respond with limited input, it is possible that we could operate in a handicapped capacity contrary to your investment needs. Therefore, if you desire the most effective and accurate recommendations regarding your managed account(s), you should make every effort to provide us with your detailed personal needs and objectives, along with detailed financial and tax information.

INVESTMENT

management services

Our managed accounts are designed to build long-term wealth while maintaining risk tolerance levels acceptable to you. With every managed account, we incorporate investment strategies that have been pre-determined from the investment parameters outlined during the get-to-know-you process.

INVESTMENT IDEOLOGY

We are not bound to a specific investment ideology for the management of your investment portfolio except for how such strategy might affect your risk tolerance level. However, our investment strategies will generally incorporate one or more of these methodologies:

Modern Portfolio Theory

Modern Portfolio Theory ("MPT")³ is the analysis of a portfolio of stocks as opposed to selecting stocks based on their unique investment opportunity. The objectives of MPT is to determine your preferred level of risk then construct a portfolio that maximizes your expected return for that given level of risk. Our investment methodology follows five (5) basic premises, each of which is derived from MPT.

1. You, as with all clients, are inherently risk-averse.
2. The markets are basically efficient.
3. The focus of attention is shifted away from individual securities analysis to consideration of portfolios as a whole, predicated on explicit risk-reward parameters.
4. For any level of risk that you are willing to accept, there is a rate of return that should be targeted.
5. Portfolio diversification is not so much a function of how many issues are involved, but more a function of the relationships and proportions of each asset to its correlating asset.

Asset Allocation

Asset Allocation is a broad term used to define the process of selecting a mix of asset classes and the efficient allocation of capital to those assets by matching rates of return to a specified and quantifiable tolerance for risk. From this there are more narrow and aggressive Asset Allocation derivatives that we may use.

We have developed five model portfolio structures that are used as Asset Allocation guideline models in designing your investment portfolio. Each model consists of a different "target" Asset Allocation comprised of different asset classes⁴ – spreading money among a variety of investments as opposed to investing in just one – creating a more prudent approach to managing risk. The investment mix is uniquely designed to achieve your desired investment

³ Modern Portfolio Theory was developed and introduced by Harry M. Markowitz in his paper "Portfolio Selection" published in 1952 by the *Journal of Finance*.

⁴ The different asset classes are: Large-Cap U.S. Growth & Income, Large-Cap U.S. Value Stocks, Large-Cap U.S. Growth Stocks, Mid-Cap U.S. Value Stocks, Mid-Cap U.S. Growth Stocks, Small-Cap U.S. Value Stocks, Small-Cap U.S. Growth Stocks, International Stocks, Commodity Funds, Fixed Income, Investment Grade Bonds, High Yield Bonds, Global Bonds, Intermediate Bonds, Multi-Sector Bonds, REITS, and Cash.





return. The selected mutual funds, stocks, bonds, and other investment vehicles in your investment portfolio are diversified to reflect your risk profile.

ASSET ALLOCATION MODEL	PERCENTAGE OF		
	STOCKS	BONDS	CASH
Aggressive/Growth	90% - 100%	0% - 10%	0% - 25%
Conservative Growth	65% - 85%	15% - 35%	0% - 25%
Balanced	50% - 60%	40% - 50%	0% - 25%
Conservation/Preservation of Capital	20% - 25%	75% - 80%	0% - 25%
Fixed/Income	10% - 20%	80% - 90%	0% - 25%

Such allocation guidelines are a representation of a typical account composition but should not be construed as absolute. Ultimately, the exact composition makeup and allocation of securities are determined by the client's investment parameters, which can compose a more detailed and/or complex structure.

PORTFOLIO DESIGN

In designing your portfolio we will combine your financial needs, investment objectives, time horizon, and risk tolerance level to yield an efficient portfolio management approach. Your portfolio allocation will be tailored to your unique investment criteria using primarily investment company products (mutual funds), a small mix of equities (stocks), debt instruments (bonds), and Exchange Traded Funds ("ETFs")⁵.

Such investment design may or may not include a combination of the following programs. These strategies are categorized as follows: (i) Asset Mix Allocation Strategy; (ii) Fixed Income Strategy; and, (iii) Option Trading Strategy.

Asset Mix Allocation Strategy

The "asset mix" model predominantly invests in mutual funds that are uniquely chosen to achieve your desired investment return. The mutual funds are chosen according to based on their current investment style, investment approach, and portfolio composition. Interest rates, market conditions, other economic, or political developments all play a significant role in the selection process.

The "asset mix" allocation model is designed for accounts that have a lower risk tolerance. Analyses of your investment objectives and risk tolerance help to precisely identify which mutual funds are right for you.

Fixed Income Strategy

The investment strategy for fixed income portfolios is designed to capitalize on opportunities available during the interest rate cycle. Bonds also provide added diversification for accounts requiring lower volatility and higher income. Our objective is to pay close attention to the spreads between government and corporate bonds and invest according to your investment goals and risk tolerance. Credit risk is determined through objective fundamental analysis. Municipal bonds may be utilized in taxable accounts where they provide a higher tax advantaged yield.

⁵ Depending on your risk tolerance, we may also recommend using the following investment vehicles to achieve your desired investment objective: leveraged index funds, closed-end funds, and other publicly traded securities.



Option Trading Strategy

The option trading strategy focuses on clients who are neutral to moderately bullish on equity position in their portfolio, and are willing to limit their upside potential in exchange for moderate to substantial downside protection. If you are willing to generate income in exchange for assuming the obligation on risk of selling this equity position at a specified price – generally at a price slightly higher to moderately higher than where the stock is currently trading – you are candidates for this strategy.

Our option trading strategy is designed to create cash flow primarily from option selling using treasury and corporate bonds, closed end funds, and exchange traded funds, and occasionally common stocks with solid dividend yields and/or qualified for option selling. We will utilize the following investments and strategies for this purpose:

- ❖ **Covered Call Options** – Covered call options will be used against stocks, closed end, ETFs, and leap options.
- ❖ **Uncovered Call/Put Writing** – Uncovered call and put writing will be use in the ASO (Asset Secured Options) program where your portfolio serves as collateral to allow the sale of stock, fund, and index options.
- ❖ **Spread Options** – The purchase and sale of call and put option spreads both debit and credit, which utilize two (2) or more options of similar stocks, fund, or indexes.
- ❖ **Option Collars** – Option collars are designed to protect against downside risk while restricting upside growth in your portfolio

Option selling can and does restrict some upside potential in a portfolio. In addition, option strategies will not protect your portfolio against downside risk other than to the extent that the cash flow provides. The one exception to this would be the option collar strategy.

In all cases, and prior to any option trading activity, we will fully explain how this investment strategy will work. In addition, you will receive the “Characteristics and Risks of Standardized Options” produced by the Chicago Board Options Exchange. It is mutually understood between us and you, that you have read this document prior to engaging us to perform option trading activities. The “Characteristics and Risks of Standardized Options” thoroughly explain the risks and rewards associated with option trading.



PORTFOLIO MANAGEMENT FEE

Our management fee represents the annual percentage charged for portfolio management provided on an asset-based fee arrangement. The fee for a quarter will be one-fourth of the annual percentage (i.e., $1.25\% \div 4 = 0.3125\%$) multiplied by the fair market value of the assets in the client's account on the last business day of the previous calendar quarter.

We retain discretion to negotiate the management fee under 1.25% on a client-to-client basis. Generally, fee breaks occur as assets in the portfolio increase past the following tiers:

RAINEY & RANDALL FEE SCHEDULE	
ACCOUNT BALANCE	ANNUAL FEE RATES
1) Asset Mix/Option Trading Portfolios	
\$100,000 – \$500,000	1.25%
\$500,001 – \$1,000,000	1.15%
\$1,000,001 – \$2,000,000	0.95%
Over \$2,000,000	0.50%
3) Fixed Income Portfolio	0.50%

The Company generally requires a minimum initial investment of \$100,000 to open any portfolio managed account. All management fees will be fully disclosed in your Investment Advisory Agreement.

PROTOCOLS FOR INVESTMENT SERVICES

The following protocols establish how we handle our portfolio management accounts and what you should expect when it comes to: (i) your bill for investment services; (ii) withdrawing funds from your account(s); (iii) other fees charged to your account(s); and, (iv) termination.

Discretion

We will establish discretionary trading authority on all management accounts to execute securities transactions at anytime without your prior consent or advice.

Billing

Your account will be billed quarterly in advance based on the fair market portfolio value of the assets in your account on the last day of the preceding calendar quarter. For the first billing quarter, if the management account was not opened at the beginning/end of the quarter, the fee will be based upon a pro-rata calculation of the fair market value of your assets to be managed for the period.

Advisory fees will be taken first from free credit balances or from any money market funds or balances. If such assets are insufficient to satisfy payment of such fees, a portion of the account assets will be liquidated to cover the fees. Such liquidation may affect the relative balances of the account.



Fee Exclusions

The above fees for all our management services are exclusive of any charges imposed by the custodial firm, such as: (i) any Exchange/SEC fees; (ii) service or account charges, including, debit balances or postage/handling fees; and/or, (iii) transaction fees earned by the custodial firm for securities transactions.

In addition, all fees paid to us for management services are separate from any fees and expenses charged to shareholders of mutual fund shares by the investment company or by the investment advisor managing the mutual fund portfolios. These expenses generally include management fees and various fund expense, such as: 12b-1 fees and contingent deferred sales charges. A complete explanation of these expenses charged by the mutual funds is contained in each mutual fund's prospectus. You are encouraged to carefully read the fund prospectus.

Deposits and Withdrawals

Assets deposited by you into your account between billing cycles will not result in additional management fees being billed to you unless such deposits exceed \$25,000. Such deposits of this amount or greater, in most cases, will require modifications and adjustments to your investment allocation. Therefore, a pro-rata fee based upon the number of days remaining in the current quarterly period may be assessed to you for deposits exceeding the above amount.

For assets you may withdraw, we do not make partial refunds of your management fees. Just as with deposits, withdrawals may require modifications and adjustments to be made in the account to correct your allocation of assets.

TERMINATION PROVISIONS FOR INVESTMENT SERVICES

You have five (5) full business days after entering into an Investment Advisory Agreement to change your mind and cancel our investment services and not incur any management fee costs (custodial fees may still apply). In the event that termination occurs after the five (5) day waiting period, you will be entitled to a pro-rated refund of the prepaid quarterly management fee based upon the number of days remaining in the quarter after the termination notice goes into affect.

To terminate investment advisory services, either party (you or us) by written notification to the other party, may terminate the Investment Advisory Agreement at any time, provided such written notification is received at least 30 days prior to the date of termination. Such notification should include the date the termination will go into affect along with any final instructions on the account (i.e., liquidate the account, finalize all transactions and/or cease all investment activity). Once the termination of investment advisory services has been implemented, neither party has any obligation to the other – we no longer earn management fees or give investment advice and you become responsible for making your own investment decisions.

QUALIFICATIONS

& advisory responsibilities

BUSINESS QUALIFICATIONS

The following partners and officers are responsible for the leadership and direction of the Company, as well as, ensuring the investment activities are being performed to your expectations.

Together, these partners have almost 35 years of professional experience providing innovative and result-oriented solutions in the areas of investment and personal finance. Their qualifications and experience are listed below:

Wayne F. Randall

CRD #: 2173538
Year of Birth: 1966

Education: North Adams State College – Bachelor of Arts in Communications
Florida Insurance License: Life, Health, and Variable Annuity
FINRA Exams: Series 6, 63 & 65

Business: 06/1999 – Present Rainey & Randall Investment Management, Inc.
Position: President & Chief Compliance Officer
10/2005 – Present Great American Advisors, Inc.
Position: Registered Representative
06/2003 – 10/2005 Winebrenner Capital Partners, LLC
Position: Registered Representative
12/2001 – 06/2003 Pan-American Financial Advisers
Position: Registered Representative

Michael D. Rainey

CRD #: 2316398
Year of Birth: 1954

Education: Buffalo State University – Bachelor of Science in Economics
Pittsburgh Theological Seminary – M-Div Divinity
Columbia Seminary – D-Min Theology/Counseling
Florida Insurance License: Life, Health, and Variable Annuity
FINRA Exams: Series 6, 63 & 65

Business: 06/1999 – Present Rainey & Randall Investment Management, Inc.
Position: Chief Executive Officer
10/2005 – Present Great American Advisors, Inc.
Position: Registered Representative
06/2003 – 10/2005 Winebrenner Capital Partners, LLC
Position: Registered Representative
12/2001 – 06/2003 Pan-American Financial Advisers
Position: Registered Representative





ACCOUNT RESPONSIBILITY

Each account is reviewed on an ongoing basis by Mr. Rainey or Mr. Randall to ensure that your needs and objectives are being met. All accounts are reviewed in the context of your stated investment objectives and guidelines. Cash needs will be adjusted as necessary.

You will receive a monthly account statement(s) from Charles Schwab & Company, where your account(s) are custodied. In addition, you will also receive quarterly performance reports from us. Your account statement(s) from Schwab will summarize the specific investments currently held, the value of your portfolio, and account transactions.

EDUCATION & BUSINESS STANDARDS

Any Investment Advisory Representatives retained by the Company will be required to have suitable experience in fields directly related to investments, as well as the required examinations and qualifications to act as such representative.

METHOD OF ANALYSIS, SOURCES OF INFORMATION & INVESTMENT STRATEGIES

Methods of Analysis

In analyzing mutual fund, stocks, bonds, and ETF investments, we will use a fundamental and technical approach to gathering information. Such analysis considers: economic conditions, earnings, cash flow, book value projections, industry outlook, politics (as it relates to investments), historical data, price-earnings ratios, dividends, general level of interest rates, company management, debt ratios and tax benefits to guide us in our allocation decisions.

Sources of Information

We rely on numerous financial publications as well as independent research sources for information. Other sources may include, but are not limited to, domestic, international and governmental newspapers, bulletins, magazines, books and other professional subscription services. On occasion, we may use material prepared by investment companies and research releases prepared by other research companies.

Investment Strategies

We generally recommend long-term investment strategies requiring a minimum of five to ten year time horizon.



OTHER BUSINESS ACTIVITIES

Mr. Michael D. Rainey and Mr. Wayne F. Randall devote approximately 65% of their time to duties other than providing Investment management services to you. Those other services include:

- ❖ **Great American Advisors, Inc.** – Mr. Rainey and Mr. Randall are registered representative of Great American to offer annuity products, brokerage, and investment banking.
- ❖ **Insurance Services** - Mr. Rainey and Mr. Randall are licensed to sell various insurance products to clients as part of a full range of financial services offered by the Company.

Even though Mr. Rainey and Mr. Randall are involved in other business activities, their ability to offer these other services compliments the investment practices of the Company and does not present any inherent risks to the client.

All commissioned products will be fully disclosed to the client prior to executing such purchases. For more information, please refer to the "*Disclosures and Conflicting Interests*" section of this brochure.

FINANCIAL

industry activities & affiliations

BROKERAGE & INVESTMENT ADVISOR AFFILIATIONS

Great American Advisors, Inc.

Mr. Michael D. Rainey and Mr. Wayne F. Randall are Registered Representatives of Great American Advisors, Inc., a licensed broker/dealer (member FINRA/SIPC), to sell Investment Company and variable insurance products.

Notwithstanding the fact that Mr. Rainey and Mr. Randall are Registered Representatives of Great American; the Company is solely responsible for all investment management services rendered to you. The investment management services we provide are separate and independent of Great American.

Charles Schwab & Company, Inc.

The Company has custodial and brokerage relations with Charles Schwab & Company, Inc. ("Schwab"), a licensed broker-dealer (member FINRA/SIPC), through its Schwab Institutional services to financial advisors.

Schwab provides on-line services for account administrative and operational support, including electronic trading, account forms and applications, trading authorization, accounting and reporting, and other relevant administration and support services. The cost to access Schwab's on-line service may be waived based on total client assets under management. In addition, Schwab may offer from time to time subscriptions to various research services (i.e.; Barron's, Morningstar.com, Value Line, PortfolioCenter™, etc...) at no cost also based on total client assets under management.

Services offered to us that have been discounted or waived are defined as "soft dollar" services. However, access to Schwab's trading platform any research services provided or arranged by Schwab will be used to service all client accounts and will not be limited to only those particular accounts that may have generated commissions.

The Company is not a subsidiary of, or affiliated with Schwab in any manner. The Company is solely responsible for investment advice rendered, and advisory services are provided separately and independently of the brokerage firm.

INSURANCE COMPANY/AGENCY AFFILIATIONS

Mr. Michael D. Rainey and Mr. Wayne F. Randall are licensed as resident Life, Health, and Variable Annuity Insurance Agents by the State of Florida and licensed as a non-resident agent in other states. Mr. Rainey and Mr. Randall are currently the only Investment Advisor Representatives ("RAs") of the Company licensed to sell insurance related products and earn commissions from the sale of these products.



DISCLOSURES

& conflicting interests

SECURITIES TRANSACTIONS FOR COMPENSATION

As previously mentioned Mr. Michael D. Rainey and Mr. Wayne F. Randall are Registered Representative of Great American Advisors, Inc. As Registered Representatives, Mr. Rainey and Mr. Randall may execute, as brokers, securities transactions for you and earn sales commissions from such transactions. This can be considered a conflict of interest when giving investment advice for a fee on securities products that can be sold for a commission.

However Mr. Rainey and Mr. Randall will not receive commissions for securities transactions that occur within those accounts we manage. Furthermore, in cases where Mr. Rainey and Mr. Randall could receive commissions, it is our policy to fully disclose, prior to execution of such transactions, the fact that they will receive commissions associated with the purchase or sale of such securities.

CLIENT TRANSACTIONS

We have a fiduciary duty to ensure that your welfare is not subordinated to any interests of ours or any of our personnel. The following disclosures are internal guidelines we have adopted to assist us in protecting all of our clientele.

Participation or Interests

It is against our policies for Mr. Michael D. Rainey or Mr. Wayne F. Randall, or any future owners, officers, or employees to invest with you or with a group of clients, or to advise you or a group of clients to invest in a private business interest or other non-marketable investment unless prior approval has been granted by Mr. Randall, and such investment is not in violation of any SEC and/or State rules and regulations.

Mr. Rainey and Mr. Randall are permitted to personally invest their own monies in stocks (OTC and Listed), bonds, investment company products and other publicly traded securities, which may also be, from time to time, recommended to you. Such investment purchases are independent of, and are not connected in any way to, investment decisions made on behalf of the Company's clients. Personal trading activities conducted by our officers, directors and employees are monitored by Mr. Randall to ensure that such activities do not impact upon your security or create conflicts of interest.

Insider Trading Activities

The Company is in compliance with the Insider Trading and Securities Fraud Enforcement Act of 1988. The Company does not share any non-public information with anyone who does not need to know.





Code of Ethics

As a fiduciary, the Company has an affirmative duty to render continuous, unbiased investment advice, and at all times act in your best interest. To maintain this ethical responsibility to you, the Company has adopted a Code of Ethics that establishes the fundamental principles of conduct and professionalism expected by all personnel in discharging their duties. This Code is a value-laden guide committing such persons to uphold the highest ethical standards, rooted in the most elementary maxim. The Company's Code of Ethics is designed to deter inappropriate behavior and heighten awareness as to what is right, fair, just and good by promoting:

- ❖ Honest and ethical conduct.
- ❖ Full, fair and accurate disclosure.
- ❖ Compliance with applicable rules and regulations.
- ❖ Reporting of any violation of the Code.
- ❖ Accountability.

To help you understand our ethical culture and standards, how we control sensitive information and what steps have been taken to prevent personnel from abusing their inside position, a copy of our Code of Ethics is available for review upon request.

Proxy Voting

We are hereby expressly precluded from voting proxies. You understand and agree that you retain the right to vote all proxies, which are solicited for securities held in the managed accounts. Any proxy solicitations received at our place of business will be immediately forwarded to you for your evaluation and decision.

INVESTMENT OR BROKERAGE DISCRETION

Securities and Amount Bought or Sold

We execute an agreement with you, which sets forth the authority to buy and sell securities in whatever amounts are determined to be appropriate for your account and whether such transactions are with, or without, your prior approval.

Direction of Transactions and Commission Rates (Best Execution)

We have selected Schwab as the custodian of choice based on their competitive transaction charges, our familiarity with Schwab's trading platform, and on-line services for account administration and operational support. However, since we do not recommend, suggest or make available a selection of custodians, other than Schwab for you to choose to custody your account(s), best execution may not always be achieved and you may pay higher transaction fees.

There will be no attempt by us to recommend Schwab solely on the lowest commission rates available. Your investment needs, general reputation, trading capabilities, investment inventory, the financial strength, and our personal experience working with Schwab has been considered, among other items, in suggesting Schwab to you.



ADDITIONAL COMPENSATION

Referral Compensation

We may directly compensate persons for client referrals, provided that those persons are qualified and have entered a solicitation agreement with us. Under such arrangements, if you were referred to us, we will compensate the solicitor for the referral and we will provide you full disclosure of any fees paid to the solicitor and whether such referral will result in higher management fees.

END OF THE DISCLOSURE BROCHURE