

## RICHARD L. EVANS INVESTMENT MANAGEMENT

RICHARD L. EVANS  
1-708-957-4246

REGISTERED INVESTMENT ADVISOR

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FLOSSMOOR, IL 60422

April 22, 2011

### Richard L. Evans Investment Management Brochure

This brochure provides information about the qualification and business practices of Richard L. Evans Investment Management. If you have any questions about the content of this brochure, please contact us at 708-957-4246. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Being a “registered investment adviser” does not imply a certain level of skill or training. However, registration does mandate a higher level of *fiduciary requirement* than is common among most representation in the financial industry. Richard L. Evans’ qualifications and experience can be found on page 3, “About Richard L. Evans”.

Additional information about Richard L. Evans Investment Management also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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### **Item 3: Material Changes**

No material changes have been made to this brochure.

### **Item 4: Advisory Business**

Richard L. Evans Investment Management is an independent investment advisory firm continually offering investment advice since 1990. Being a registered investor advisor brings a higher level of fiduciary responsibility and accountability to the advisor-client relationship.

Richard Evans tends to be sought out by clients looking not only for unbiased advice, but also for his high level of personal service. Richard Evans works with a number of attorneys and CPAs who have come to value his professionalism.

RICHARD L. EVANS INVESTMENT MANAGEMENT (RLEIM) is strictly fee based, unlike most in the financial community who charge commissions to sell investors products which often are unsuitable for the client. RLEIM solely represents the client, not a Wall Street company more interested in selling securities than in advising investors.

Indeed, Richard Evans is being increasingly called on by investors who are looking to transition themselves away from the outdated stockbroker relationship which tends to represent Wall Street more than the client, to an independent investment advisor who exclusively represents the interest of clients.

For individual investors, Richard L. Evans designs investment programs that are right for them—determining individual objectives, time horizons, risk tolerances, and financial resources, to build and maintain a consistent investment program—a balanced program which will stand the test of time and meet all retirement goals.

For corporate accounts, Richard L. Evans provides advice on such matters as corporate profit and money purchase plans, SIMPLE IRAs, SEP-IRAs, Keoghs, and 401 plans.

Independent advisor counseling for 401 and 403 plans is becoming increasingly more important, not only for plan participants to receive a higher level of advice, but for plan administrators to avoid the inherent conflict of interests associated with receiving advice from just the plan providers.

Likewise, IRA Rollovers are becoming more important for most investors. IRA Rollovers, if constructed properly, will allow for greater choice than the 401 and 403 plans from which the money is being transferred. Choosing the right IRA Rollover will mean the difference of possibly hundreds of thousands in retirement dollars over time.

What really separates RICHARD L. EVANS INVESTMENT MANAGEMENT from others is that Richard L. Evans is a name investors have learned to trust.

### ***About Richard L. Evans***

**Richard L. Evans**, Principal of RICHARD L. EVANS INVESTMENT MANAGEMENT, Registered Investment Advisor, is a manager of individual investment and retirement portfolios with an extensive background of investment expertise and experience. Evans received his Bachelor of Science Degree from Indiana University in 1969 and is a 1971 graduate of Northwestern University's Kellogg Graduate School of Management. Evans has been advising investors for over 40 years and has had his own investment advisory firm since 1990.

Richard Evans has been quoted in nationally-recognized publications such as *Barron's*, *The New York Times*, *The Wall Street Journal*, *Forbes*, *The Chicago Tribune*, *Money Magazine*, and *Investor's Business Daily*. Evans has been featured at length in *Money Magazine's* "Money Profile—Advice from a Pro" and has participated in a *Money Magazine* "Stock of The Month" feature. Richard Evans has also participated in and won one of the monthly stock-picking contest in *The Wall Street Journal's* "Your Money Matters" and has been interviewed at length by *Barron's* for his market views.

On television, he hosted and produced a monthly "Your Investments" program on PBS WYIN-Channel 56. Evans appeared on WBBM-CBS TV's "Money Talks," "Stocks, Options, and Futures," "Stock Market Observer," and on CNBC.

He is author of *Finding Winners Among Depressed and Low-Priced Stocks*, a Fortune Book Club selection.

Richard Evans has written for *Technical Analysis of Stocks & Commodities*, provided stock market columns for daily newspapers, and was the technical analysis editor for the *AAII Journal*. He was also a contributing author to *The Individual Investor's Guide to Winning on Wall Street*.

As a speaker and lecturer, Evans keynoted several Charles Schwab Investor Conferences, lectured for Fidelity Investments, addressed chapters of the American Association of Individual Investors (AAII), Chicago Rotary One and similar groups, and has spoken at programs of various financial institutions. Professionally, he has lectured for The Financial Analysts Federation, The Investment Analysts Society, and Indiana University School of Finance.

### ***Investment Philosophy: Balanced Growth and Income***

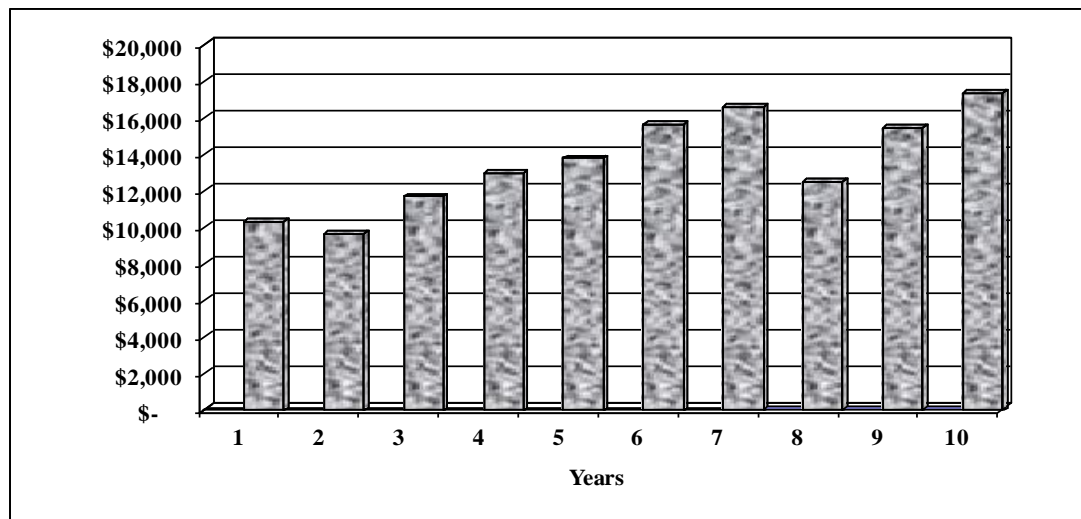
The investment strategy primarily employed for clients by RICHARD L. EVANS INVESTMENT MANAGEMENT is a balanced approach, a strategy that generally starts with portfolios comprised along the line of 60%stocks/40%bonds. This approach is attractive in that it offers a lower market volatility risk and opportunity for growth and income. Even with periodic market declines, this strategy has an excellent record of compounding gains.

For the ten years ended December 31, 2010, a period which included 2 major market declines, this strategy still resulted in an average annual return of 5+%, for a net gain of

72%. While the '90s essentially was considered a "lost decade" by many investors, a \$10,000 balanced portfolio grew in 8 out of the ten years to over \$17,250.

	<i>December 31, 2010</i>			
	<b>1-Yr</b>	<b>3-Yr</b>	<b>5-Yr</b>	<b>10-Yr</b>
RLE Select Ten Funds	+12.0%	1.4%	+4.6%	+5.6%
S&P 500	+15.6%	-2.8%	+2.2%	+1.4%

***Growth of \$10,000 using the RLE Select Ten Funds\*:***



\*The RLE Select Ten figures and bar graph represent the actual returns of the ten largest funds predominately employed in individual accounts at Richard L. Evans Investment Management. The figures are solely presented to demonstrate the risk/reward characteristics of using the balanced approach. They do not reflect the actual performance of individual portfolios. Further, given the vagaries of the financial markets, past performance should not be used to project future results.

Within the framework of the balanced investment strategy, RLEIM will tailor the program to the needs and requirements of individual investors. Different investors with varying degrees of risk factors and age may also use 80/20 balanced funds for more growth and 40/60 mutual funds for more income. While no-load balanced mutual funds are the primary vehicle, individual securities may also be utilized from time to time depending on client preferences.

As of December 31, 2010, discretionary assets under management were \$64,600,000.

### **Item 5: Fees and Compensation**

Richard L. Evans Investment Management is solely fee based. For investment advisory services provided, an annual percentage fee will be charged, payable quarterly, and invoiced directly from client accounts at the custodian. Fees are not negotiable. A Client Agreement and Fee Schedule can be found on page 8 of this brochure.

RLEIM primarily uses no-load mutual funds. While there are not any sales charges, or 12b-1 fees, each mutual fund firm does charge management fees for operating the funds. The annual expense ratios range from 0.19% to 0.85%. The average expense ratio of the funds primarily employed is 0.57%. By contrast, the so-called "wrap" programs offered by the major brokerages can range up to 3%.

RLEIM uses discount broker TDAmeritrade to execute trades and to act as custodian. Mutual fund trade brokerage charges ranges from \$24 per trade to \$31 per trade, depending on the size of the account. \$24 is the typical charge. A number of funds, however, are “no-fee” transaction funds.

Given that one of the characteristics of RLEIM is very low turnover, brokerage charges for most accounts is a nonfactor.

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

There are no performance-based fees associated with client accounts.

**Item 7: Types of Clients**

RLEIM handles individual accounts, Trust accounts, and Profit-Sharing Plans, IRAs, and Roth IRAs. Generally, minimums are based on \$100,000 accounts. However, there is not a size requirement on children’s accounts or custodial accounts like Uniform Gifts to Minor accounts.

**Item 8: Method of Analysis, Investment Strategies, and Risk of Loss**

Nearly all RLEIM investments are based on the balanced concept, starting with 60%stocks/40%bonds as a benchmark. For a grasp of return of different investment strategies, clients fill out an Investors Profile, which discusses risk from different investment strategies. An Investors Profile Questionnaire outlining risk of different investment strategies can be found on page 9 of this brochure.

**Item 9: Disciplinary Information**

There have never been any legal or disciplinary events.

**Item 10: Other Financial Industry Activities and Affiliations**

Richard L. Evans Investment Management is completely independent, so as to offer clients completely unbiased investment advice.

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

The majority of investments maintained in client accounts are buy-and-hold no-load mutual funds. Richard L. Evans also personally owns no-load mutual funds as well. However, in neither client accounts or personal accounts are mutual fund positions traded. A few long-time client accounts will have holdover stock positions, and Richard L. Evans will maintain a few similar stock positions. However, under no circumstances are any stocks bought or sold prior to any similar stocks bought or sold in client accounts.

**Item 12: Brokerage Practices**

Discount broker TD Ameritrade is the primary broker/custodian. Other than straight forward brokerage, Richard Evans and TD Ameritrade do not have any financial interest whatsoever. There are no soft dollar, referral, or directed brokerage relationships. Richard Evans has found TD Ameritrade rates to be competitive. Plus, client accounts tend to be “buy and hold”, so there is not a lot of activity once initial investing in new accounts has been executed. Last, but not least, TD Ameritrade’s Great Lakes service team is very responsive and efficient. TD Ameritrade mails brokerage statement for all accounts monthly. On-line access by clients is available.

**Item 13: Review of Accounts**

All accounts are reviewed on a monthly basis. Written reviews are sent at least quarterly, with many accounts with more frequent activity receiving monthly reviews. Reviews are not boiler-plated computer generated reports; reviews are individually done by letter by Richard L. Evans personally.

**Item 14: Client Referrals and Other Compensation**

Richard L. Evans Investment Management does not receive any financial or other compensation arrangements for any referrals.

**Item 15: Custody**

Richard L. Evans Investment Management does not have custody of client funds or securities at any time. All client funds are held by TD Ameritrade.

**Item 16: Investment Discretion**

All accounts are handled on a discretionary basis. However, for all intents and purposes, no changes are made in client accounts before client is presented with recommendations and concurs. All TD Ameritrade account applications have a standard Limited Power of Attorney section which needs to be initialed by the client.

**Item 17: Voting Client Securities**

There is not any voting of client securities by Richard L. Evans Investment Management.

**Item 18: Financial Information**

Richard L. Evans Investment Management (RLEIM) does have discretionary authority and does have the authority to deduct fees from client accounts, which occurs at the end of each quarter. RLEIM does not retain client’s cash or securities or accepts prepayment of fees in excess of \$500 per client and six or more months in advance. All client funds are held by the custodian, TD Ameritrade.

**Item 19: Requirements for State-Registered Advisors**

- A. Information regarding Richard L. Evans is found on in Item 4, About Richard L. Evans, on page 3. No further brochures are required as Richard L. Evans Investment Management is a sole proprietor and does not have any investment adviser representatives.
- B. Richard L. Evans is not involved in any other businesses.
- C. No performance-based fees are charged.

- D. Richard L. Evans Investment Management has never been involved in any arbitration claim or in any civil, self-regulatory organization or administrative proceeding.
- E. Richard L. Evans Investment Management does not have any relationship with any issuer of securities.

## EXHIBIT I: Client Agreement and Fee Schedule

### RICHARD L. EVANS INVESTMENT MANAGEMENT

RICHARD L. EVANS  
1-708-957-4246

REGISTERED INVESTMENT ADVISOR

1540 CAMBRIDGE AVENUE  
FLOSSMOOR, IL 60422

### Client Agreement and Fee Schedule

Richard L. Evans  
Richard L. Evans Investment Management  
1540 Cambridge Ave.  
Flossmoor IL 60422

Dear Mr. Evans,

Please provide investment advisory services for \_\_\_\_\_. Under this agreement Richard Evans will help formulate appropriate investment policy utilizing a balanced portfolio strategy and make and execute specific investment recommendations.

On a quarterly basis, Mr. Evans will furnish a written review of the account, reviewing the current status, plus any changes that have been made during the quarter.

This agreement can be terminated without penalty within five days from signing. Further, this agreement can be canceled at any time by either party upon written notice. Any fees will be prorated to the date of termination. Under the Investment Advisors Act of 1940, no assignment of the agreement can be made without written consent.

For investment advisory services provided an annual percentage fee will be charged, payable quarterly, and invoiced directly from client accounts at the custodian, based on the following schedule:

First \$100,000 .....	\$1000
\$100,000+ - \$250,000 .....	0.75%
\$250,000+ - \$500,000 .....	0.60%
\$500,000+ - \$1,000,000 .....	0.50%
Next \$1,000,000 .....	0.40%
\$2,000,000+ .....	0.30%

This agreement shall be governed by the laws of the state of Illinois.

Very truly yours,

Date: \_\_\_\_\_

Client Signature

Accepted:

By: \_\_\_\_\_

Richard L. Evans



## EXHIBIT II: Investor Profile Questionnaire

### RICHARD L. EVANS INVESTMENT MANAGEMENT

RICHARD L. EVANS  
1-708-957-4246

REGISTERED INVESTMENT ADVISOR

1540 CAMBRIDGE AVENUE  
FLOSSMOOR, IL 60422

### Investor Profile Questionnaire

Name: \_\_\_\_\_ Date: \_\_\_\_\_

#### I. Financial and Family Circumstances

1. I am currently investing for the following reasons:

\_\_\_\_\_  
\_\_\_\_\_.

2. I will need to liquidate some or all of this investment in:

a. 2 to 5 years ☐      b. 5 to 10 years ☐  
c. 10 years or more ☐      For: \_\_\_\_\_

3. I will need regular income from this investment:

a. Now ☐  
b. In the near future ☐  
Specify years: \_\_\_\_\_

4. My age group is:

a. Under 30 ☐      b. 30 to 44 ☐  
c. 45 to 60 ☐      d. 61 to 74 ☐  
e. 75 and older ☐

5. My income is:

a. Less than \$25,000 ☐      b. \$25,000 - \$50,000 ☐  
c. \$50,000 - \$75,000 ☐      d. \$75,000 - \$100,000 ☐  
e. Over \$100,000 ☐

6. My total investment assets, excluding my primary residence, are:

a. \$100,000 to \$500,000 ☐  
b. \$500,000 to \$1,000,000 ☐  
c. Over \$1,000,000 ☐




## II. Investment Objectives and Restrictions

1. Which type of investor profile best fits you?
 

a. Income <input type="checkbox"/>	b. Conservative Growth <input type="checkbox"/>
c. Moderate Growth <input type="checkbox"/>	d. Growth <input type="checkbox"/>
  
2. What are your primary investment objective allocations?
 

a. Preservation of Capital _____%	b. Income _____%
c. Growth and Income _____%	d. Capital Appreciation _____%
  
3. Given your investment objectives, review the allocation strategies below, considering that each strategy has more or less risk and more or less return potential.
  - a. **Preservation of Capital.** I want the lowest possible risk to principal. Growth is of no interest to me. However, I realize that my returns may not keep up with inflation. [ ]
  
  - b. **Income.** I need to primarily generate income from my investments. I am looking for very little growth. However, I realize that there will be interest-rate risk, as rising interest rates hurt income investments. [ ]
  
  - c. **Growth and Income.** I am looking for moderate growth of capital and moderate growth of income. I will be willing to take a moderate degree of risk. [ ]
  
  - d. **Growth.** I am looking for growth. I am willing to assume large swings in the value of my investments. [ ]

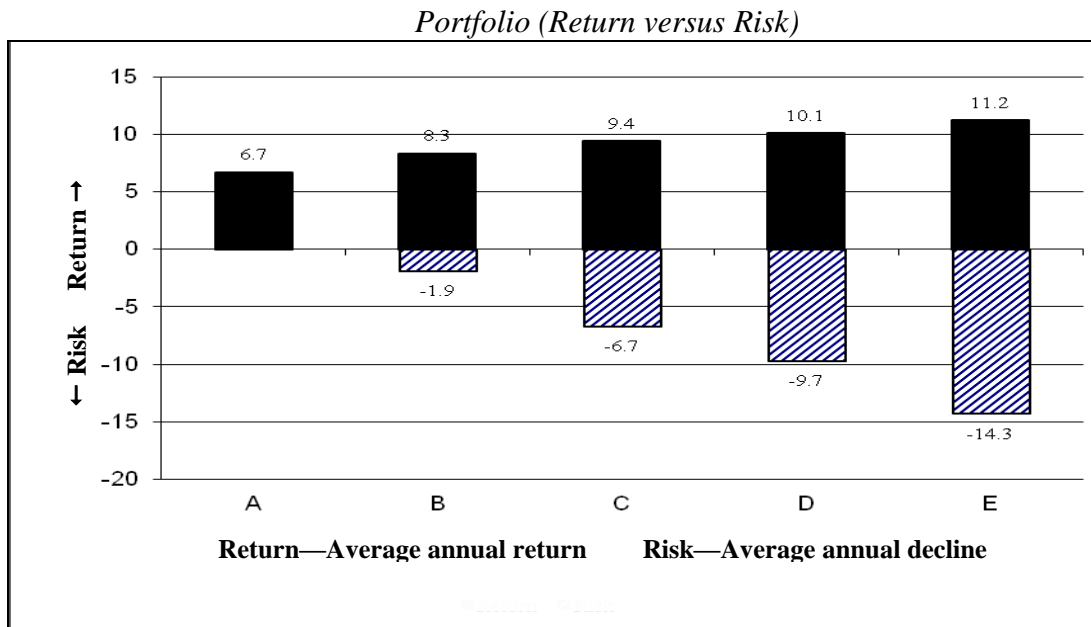
### *Allocation Strategies*

<i>Model Name</i>	<i>Risk Potential Less—More</i>	<i>Return Potential Less—More</i>	<i>Asset Allocation</i>
Capital Preservation			Stock 20% Bonds 50% Cash 30%
Income			Stock 40% Bonds 40% Cash 20%
Growth/ Income			Stock 60% Bonds 30% Cash 10%
Growth			Stock 80% Bonds 10% Cash 10%

### III. Hypothetical Strategies and Risk Tolerance

1. When evaluating return versus risk, which of the portfolios illustrated below best fits your investment preference balancing return versus risk?

- A. ☐                      B. ☐  
 C. ☐                      D. ☐  
 E. ☐



\*The illustrations are intended to present the risk/reward of different investment allocations and are not intended to represent actual investment performance.

2. How much decline are you willing to take, even assuming that the value of your investments will return at some future point?

- a. None ☐                      b. 5% to 10% decline ☐  
 c. 10% to 15% decline ☐                      d. 15% to 20% decline ☐  
 e. 25% or more decline ☐

3. Which of the following strategies best fits your risk tolerance?

- a. **100% Stocks.** \$10,000 would have grown to \$25,666 over the last 10 years. This portfolio has the best returns, with average annual returns of 11.28%. However, the returns were lower in 3 out of ten years, with -22.1% the worst year. From 2000 to 2002 the 3-year return was -38%. Investors have to tolerate high volatility, with large portfolio gains, but also large portfolio declines. ☐

- b. **80%Stocks/10%Bonds/10%T-Bills.** \$10,000 would have grown to \$24,138, with average annual returns of 10.18%. The returns were lower in 3 out of ten years, with the worst return being -15.9%. The worst 3-year return is -27%. This strategy is best for investors with a long time horizon, who seek gains, over time, and are willing to ride through market swings. [ ]
- c. **60%Stocks/30%Bonds/10%T-Bills.** \$10,000 would have grown to \$23,097 at 9.43% average annual return. The returns were negative in 2 out of the 10 years, with -8.55% the worst year. The worst 2-year return would have been -13%, a decline made up before the following year had run its course. This strategy is the classic balanced model, used for investors who are looking for total return but at limited market risk. [ ]
- d. **40%Stocks/40%Bonds/20%T-Bills.** \$10,000 would have grown to \$21,597 at 8.35% average annual return. The returns were negative in two out of ten years; however, the worst one-year return was only -2.44% and the worst 2-year return was only -3.9%. This portfolio is for investors seeking income, stability, and modest return, in that order. [ ]
- e. **20%Stocks/50%Bonds/30%T-Bills.** \$10,000 would have grown to \$20,090. This is the lowest average annual return at 7.27%. However, there were not any down periods. This portfolio is for the very conservative investor who is looking for very limited growth, but most importantly, little or no downside risk. [ ]
4. A balanced investment strategy approach is primarily used by Richard L. Evans Investment Management in that it offers the opportunity for growth and income at moderate risk. With respect to your investment objectives, are you willing to risk an occasional decline as long as your money is in sound, high-quality investments that can be expected to grow over time?
- a. Yes [ ]                      b. No [ ]

Thank you,

Richard L. Evans Investment Management