

# ***ADV PART II BROCHURE***

## ***THE MCCUTCHEN COMPANY, INC.***

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***March 23, 2011***

*This brochure provides information about the qualifications and business practices of The McCutchen Company, Inc. If you have any questions about the contents of this brochure,*

*Please contact us at 251-344-4440.*

*This information has not been approved or verified by any governmental authority. Additional information about The McCutchen Company, Inc. is also available on the Securities and Exchange Commission's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Registration of an investment advisor does not imply that the advisor possesses a certain level of skill or training.*

*This brochure serves as a replacement to Part II of form ADV Uniform Application for Investment Adviser Registration number: 801-40861*

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#### **4. Advisory Business**

The McCutchen Company, Inc. (“the Firm”), managed since 1992, is a registered investment advisor that provides investment supervisory services to individuals and businesses. The Firm’s primary service is managing investment portfolios on behalf of clients. It also provides comprehensive financial planning services for clients, including furnishing advice to clients on matters not involving securities.

The McCutchen Company, Inc. provides ongoing asset management services to clients, which includes asset allocation advice and plan implementation. The asset management services include but are not limited to college planning, investment advice, mortgage planning, estate tax planning, retirement planning, income tax planning, portfolio management, charitable giving advice, risk management consulting, business management consulting and comprehensive financial planning.

The McCutchen Company, Inc. is owned by Jerry D. McCutchen who is the President and Deborah S. McCutchen who is the Chief Compliance Officer.

The Firm does not participate in any wrap fee programs and does not have discretionary authority over any accounts it manages.

As of January 15, 2011, the Firm manages \$64,000,000 of client’s assets on a non-discretionary basis.

#### **5. Fees and Compensation**

The annual fee schedule for advisory services is one half of one percent on portfolios valued between one hundred thousand and two million dollars. If the value of the portfolio is under one hundred thousand dollars, the annual fee is five hundred dollars. If the portfolio value is between two million and five million dollars, the fee is three tenths of one percent. If the portfolio value is over five million dollars, the fee is one quarter of one percent. All fees are negotiable and payable quarterly in arrears based on the value of the portfolio as determined on the last day of the prior calendar quarter. Fees are prorated for any partial quarter.

National Financial Services, Inc. (NFS) and/or Pershing, LLC (Pershing) provides all custodial and clearing services for client accounts. At no time will the Firm’s broker-dealer (Berthel Fisher Company Financial Services, Inc., BFCFS) accept or maintain custody of client funds or securities for an advisory account.

In addition to the advisory fee, each client is provided with a current copy of the fee/commission schedule. Commissions earned will be paid to the representative, a portion of which will be allotted to BFCFS. Clients will incur transaction charges which

will be paid directly to NFS and/or Pershing, a portion of which may be reallocated to BFCFS. Clients also may have custodian fees or mutual fund expenses. Please see Item 12 for further discussion of these charges.

Fees are paid by either direct debit or by invoice. If fees are debited, a written authorization permitting the automatic deduction of fees from the client's account must be provided prior to fees being paid. A fee notification is sent to the client and NFS and/or Pershing upon the deduction of fees, reflecting that value of the client's account upon which the fee was based and the specific manner in which the fee was calculated. NFS and/or Pershing sends the client a statement at least quarterly, indicating all amounts disbursed from the account and the amount of the advisory fees passed directly to the advisor.

In the event the client elects to be invoiced, the client is sent a bill showing the value of the client's assets on which the fee was based and the specific manner in which the fee was calculated.

The client will receive confirmation of every transaction made within the accounts directly from NFS and/or Pershing, as well as a monthly statement for months during which there was account activity.

The client may terminate the agreement without penalty within five business days after the execution of the advisory agreement by providing written notice of the termination to the Firm. Termination will be effective upon receipt of such written notice by the Firm. Thereafter, the client or advisor may terminate the contract at any time by providing written notice to the other, and client is responsible for all unpaid fees due through the date of termination.

The McCutchen Company, Inc. may provide financial planning services for the fixed fee of two hundred and ninety five dollars an hour. Services provided for this fee include but are not limited to financial planning, estate planning, college planning, and retirement planning.

The advisor reserves the right to waive any portion or the entire fee. In the course of implementing the financial program the advisor may receive commissions from industry affiliations. Consequently, the advisory fee is waived for the first year that the Firm is managing the client's assets. Specifically, these affiliations are through my broker/dealer which is Berthel Fisher and Company Financial Services, Inc. For a list of these affiliations you may contact BFCFS at 800-356-5234, or view them on the BFCFS website, [www.berthel.com](http://www.berthel.com). Additionally, we may receive direct reimbursement for advertising and marketing expenses from product sponsors. The advisor may recommend mutual funds that pay 12B-1 fees. As a registered representative of BFCFS, the advisor may receive 12B-1 fees from the investment companies.

The Firm seeks to provide a high degree of transparency with regard to fees and expenses.

Clients may at any time add funds or securities to their accounts, withdraw funds or securities from their accounts, or close their accounts.

## **6. Performance-Based Fees**

This item does not apply.

## **7. Types of Clients**

The Firm generally provides investment advice to individuals, trusts, estates, corporations, small businesses, pension or profit sharing plans, and charitable organizations. The Firm does not require a minimum account size.

## **8. Methods of Analysis, sources of Information, and Investment Strategies**

The Firm employs fundamental analysis and analysis of economic, market, industry, firm, and product cycles and trends to evaluate investments and manage portfolios.

Typical sources of information include financial newspapers and magazines, research materials prepared by others, corporate rating services, company press releases, financial news and quotation services, financial data providers, analyst research reports, annual reports, prospectuses, and filings with the Securities and Exchange Commission.

The Firm continually adapts its investment strategies to market conditions and individual client needs. The investment strategies used to implement any investment advice given to clients include long term purchases (securities held at least a year) and short term purchases (securities sold within a year). The Firm engages in margin transactions for clients under special circumstances and at a client's specific request. It occasionally assists clients in the execution of employee stock options the client may have.

Investing in securities involves risk of loss that clients should be prepared to bear.

## **9. Disciplinary Information**

There is no disciplinary information to disclose.

## **10. Other Financial Industry Activities and Affiliations**

The Firm is actively engaged in a business other than giving investment advice to clients

and sells products or services other than investment advice to clients. This refers to Financial Planning services, which involve providing advice to clients on matters not involving securities such as cash flow and budgeting, retirement goal setting, insurance and risk management needs analysis, wealth transfer strategies, and tax planning. Please see Item 12 for additional information.

## **11. Participation of Interest in Client Transactions, Code of Ethics, Personal Trading**

The Firm, and its officers, employees, and family members generally hold the same securities the Firm buys for client accounts. However, to accommodate diverse individual circumstances and investment goals, the Firm and its associated persons may at times buy for themselves and for certain clients the same securities that are being sold for other clients, and vice versa. Client transactions are always given priority over those of employees and related persons in an attempt to ensure that the clients receive the best pricing. The prices for transactions in a given security on a given day typically are averaged so that no one account or client receives preference. When prices are not averaged, the Firm gives preference to clients over itself. The Chief Compliance Officer reviews all transactions executed by the Firm daily, and conducts an additional review of all securities transactions by officers and employees quarterly. In the case of mutual funds that are transacted at end of day pricing, orders for employees and related persons are communicated to custodians at the same time as client orders to ensure all accounts receive the same pricing. All transactions for employees and related accounts must be approved prior to execution by the Firm's Chief Compliance Officer. The Firm's policy on order execution is disclosed to clients in the Financial Services Agreement that clients sign upon engaging the Firm.

The Firm has adopted a Code of Ethics for the purpose of instructing its personnel in their ethical obligations and to provide rules for their personal securities transactions. The firm and its personnel owe a duty of loyalty, fairness and good faith to their clients, and the obligation to adhere not only to the specific provisions of the code but to the general principles that guide the Code. The Code of Ethics covers a range of topics that may include: general ethical principles, receipt and giving of gifts, reporting personal securities trading, exceptions to reporting securities trading, reportable securities, initial public offerings and private placements, reporting ethical violations, distributions of Code of Ethics, review and enforcement processes, amendments to Form ADV and supervisory procedures. The Firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

The Firm or related persons are not a general partner in any partnership in which clients are solicited to invest.

## **12. Brokerage Practices**

As described in Item 4, the Firm is a registered investment advisor whose primary business is managing portfolios on behalf of clients. The McCutchen Company, Inc. recommends that clients use Berthel Fisher and Company Financial Services, Inc. for the custody and brokerage of their accounts. BFCFS is in line with industry standards with regards to the reasonableness of their compensation and commissions. In recommending a custodian, the Firm considers the array of investment choices and its best execution record. Despite the broker/dealer's best execution record, clients may not always receive the best execution on any given transaction.

The Firm receives no research or other consideration for recommending BFCFS as custodian to clients.

Mr. McCutchen engages in registered representative activities as it relates to insurance. He also sells products such as real estate investment trusts, mutual funds, publicly registered programs, stocks as well as insurance products such as, variable annuities and life insurance policies.

The Firm receives no referrals from a broker-dealer or third party. Not all advisors require their clients to direct brokerage.

## **13. Review of Accounts**

The Firm's Investment Advisors and its staff continuously monitor accounts to identify and correct any transaction or valuation errors, and to implement investment strategies that serve each client's investment objectives. All transactions and pricing information are updated in the database of The McCutchen Company, Inc., and its affiliates on a daily basis. All accounts are thoroughly reviewed monthly to ensure that the allocation is appropriate for the specific goals of the client. All accounts are reviewed with each client on at least an annual basis to ensure that the client is informed on the allocation and standing of their account and that the allocation is appropriate for their specific goals. More frequent account reviews are triggered by such factors as an awareness of a material change in a client's circumstances or investment objectives; significant change in market conditions; changes in the investment advisor's assessment of a security held in an account; and divergence of an account's investment performance from the management's expectations. Jerry D. McCutchen is responsible for the review of all client accounts managed by the Firm.

In addition to the account statements sent to clients by the custodian of their accounts, all clients receive a quarterly report from the Firm providing the current value of their accounts.

## **14. Client Referrals and Other Compensation**

The Firm does not receive or provide to anyone compensation or any economic benefit for referrals.

## **15. Custody**

The Firm does not have custody of any client accounts.

## **16. Investment Discretion**

The Firm does not accept discretionary authority to manage securities on behalf of clients.

## **17. Voting Client Securities**

The Firm does not have authority to vote client securities. Clients will receive their proxies or other solicitations directly from their custodian or a transfer agent. Clients can contact The Firm at 251-344-4440 with questions regarding a particular solicitation.

## **18. Financial Information**

The Firm does not require or solicit prepayment of fees from clients.

The Firm has never been the subject of a bankruptcy petition.

## **19. Requirements for State-Registered Advisers**

Mr. Jerry DeWayne McCutchen Sr., born in 1957 is a founding partner of The McCutchen Company, Inc. Mr. McCutchen founded the firm in 1989. He holds a Bachelor of Science degree and a Master of Science degree from the University of Alabama which he obtained in 1980. Mr. McCutchen has been involved in the business of securities sales since 1983. His professional licenses include General Securities, Principal, Futures and Life and Health.

Ms. Deborah S. McCutchen was born in 1953. Ms. McCutchen attended the University of Alabama as well as the University of South Alabama where she pursued a degree in secondary education. She has worked as secretary/treasurer and chief compliance officer of The McCutchen Company, Inc. since 1995.