

**FORM ADV PART 2 DISCLOSURE BROCHURE**

**Boys Arnold & Company, Inc.**

Locations

1272 Hendersonville Rd.  
Asheville, NC 28803

4 Dunmore Court, Suite 201  
Hilton Head Island, SC 29926

July 2, 2012

This brochure provides information about the business practices of Boys Arnold & Company, Inc.(BAC) and the qualifications of its employees. If you have any questions about the contents of this brochure, please contact us at 828-274-1542 or at [scocke@boysarnold.com](mailto:scocke@boysarnold.com).

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.

Any reference in this brochure to the fact that Boys Arnold & Company, Inc is “registered” or is a “registered investment advisor” does not necessarily imply a certain level of skill or training.

Additional information about Boys Arnold & Company, Inc. and its Investment Counselors also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Primary Contact Person: Stanley H. Cocke  
828-274-1542

Website: [www.boysarnold.com](http://www.boysarnold.com)

## **Item 2: Material Changes**

There have been no material changes of this Brochure since the last amendment which was 5/27/2011.

## **Item 3: Table of Contents**

<u>Item Number</u>	<u>Item</u>	<u>Page</u>
4	Description of Advisory Business	2
5	Fees and Compensation	3
6	Performance Based Fees and Side-By-Side Management	4
7	Types of Clients	4
8	Methods of Analysis, Strategies and Risk of Loss	4
9	Disciplinary Information	5
10	Other Financial Industry Activities and Affiliations	5
11	Code of Conduct, Participation or Interest in Client Transactions and Personal Trading	7
12	Brokerage Practices	7
13	Review of Accounts	8
14	Client Referrals and Other Compensation	9
15	Custody	9
16	Investment Discretion	10
17	Voting Client Securities	10
18	Financial Information	10

## **Item 4: Advisory Business**

Boys Arnold & Company, Inc.(BAC) was founded in 1977 and furnishes wealth management and investment counsel services to approximately 321 client relationships and Boys Arnold Trust Company(BATC). The firm currently has 20 full and part time employees with offices in Asheville, NC and Hilton Head Island, SC. As of 12/31/11 the company had \$792,500,000 in discretionary assets under management and \$34,100,000 in non-discretionary assets under management. The principal owners of the company are the Boys Arnold and Company, Inc. Employee Stock Ownership Plan; Thomas C. Arnold; Jon L. Vannice, President and John P. Rhodin, Vice President and Treasurer. Messrs. Arnold, Vannice and Rhodin comprise the executive management team of the company.

At BAC each client has a designated investment counselor and also has access to the collective experience and professional training of our entire team. Issues such as investment management, financial planning, estate tax-savings strategies and retirement planning receive the attention of our designated specialists in each area. Our services

are tailored to each client and to meeting their financial and estate planning goals. Our investment counsel is based on the individual needs and objectives of each client.

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

Fees for our services are billed quarterly in advance based on the market value of the client's portfolio at the end of the quarter. Fees are debited from the client's account at that time or are billed directly to him. BAC does not participate in any performance fee arrangements. BAC's stated fee schedule for assets under management is as follows:

	Equities & Balanced	Fixed Income Only
First \$1.0 Million	1.2%	.90 of 1%
Next \$2.0 Million	.85 of 1%	.50 of 1%
Next \$2.0 Million	.75 of 1%	.50 of 1%
Next \$5.0 Million	.65 of 1%	.35 of 1%
Over \$10.0 Million	.35 of 1%	.25 of 1%
Minimum annual fee: \$12,000		

For Non-Profit Charitable Accounts a 10% discount is applied to the entire fee.

In certain instances, other discounts may apply or assets may be excluded from fees as negotiated by the firm and the client or prospect. At the discretion of BAC, accounts may be combined for fee purposes. BAC may invest client cash in mutual funds or other such investment instruments that have fees deducted by the fund. BAC generally does not exclude such balances from its fee calculation. Clients will incur brokerage transaction costs through their custodian. BAC receives no direct compensation from the custodian from these transaction or brokerage costs. These fees are generally considered to be reasonable. Further explanation of BAC's brokerage practices can be found in Section 12 of this brochure.

BAC does reserve the right to negotiate management fees based on the complexity of the situation.

There is no termination date in the firm's investment management agreement. Either party may terminate the agreement at any time. If a client decides to terminate the agreement, any unearned fee is refunded. Terminations by either party must be in writing.

BAC offers financial planning services to its investment advisory clients and to the public. For those individuals who desire only financial planning services, the following fee schedule applies:

\$250 per hour with  
\$2,500 minimum for a Comprehensive Financial Plan  
\$1,000 minimum for a Specialized Module covering one of the following:

- |                                 |                        |
|---------------------------------|------------------------|
| 1) Retirement Planning          | 5) Risk Management     |
| 2) Estate Planning              | 6) Investment Analysis |
| 3) Stock Option Analysis        | 7) Tax Analysis        |
| 4) Business Succession Planning |                        |

Planning fees are subject to negotiation depending on the complexity of the situation.

#### **Item 6: Performance-Based Fees and Side-By Side Management**

BAC does not participate in performance fees or side-by-side management fees.

#### **Item 7: Types of Clients**

BAC's clients are primarily high net worth individuals and families, nonprofit institutions, sponsors of retirement plans and corporations. In addition, through Boys Arnold Trust Company we provide fiduciary services to clients that have estate and trust needs.

Although there is no minimum account size to open an account, our services are best suited for those with at least \$1,000,000 available to be invested.

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

We believe each client represents a unique situation and therefore the development of an investment policy statement is an integral step in determining the investment advice and asset allocation required to meet a client's goals. This process includes an assessment of a client's ability and willingness to accept certain levels of risk in the investment mix. With this risk profile in mind and other constraints such as time horizon, tax factors, liquidity issues, and other unique circumstances an appropriate asset allocation is developed.

Our strategy to investing is based on the time-tested principles of diversification, both among and within asset classes and the avoidance of extreme positions. It is our belief that a well-diversified portfolio provides a client with the best opportunity to reach their objective while managing volatility at acceptable levels

Boys Arnold & Company employs both fundamental and comparable analysis in the selection of securities, or security types. By analyzing financial statements to determine health and potential value of an investment and then comparing the potential investment against a relevant sector, or index, we can ascertain relative value. Other considerations include return forecasts, industry positioning, and management quality to determine the sustainability of the business model.

Investments in client portfolios are subject to risk. We define these risks in terms of both systematic risk, a risk that cannot be diversified away and risk that is specific to a security.

Market factors that may cause a decline in an asset class would include, but are not limited to the following; equity risk, interest rate risk, currency risk and commodity risk. Security specific risk would include default risk, business risk, and legal risks that can impact the performance of a selected investment.

#### **Item 9: Disciplinary Information**

Since the founding in the firm in 1977 no employee or owner has been charged with or found guilty of any legal or disciplinary action within the investment industry.

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

BAC does have several relationships or arrangements that are material to our advisory business and to our clients. These relationships do produce possible conflicts of interest that BAC does address.

##### **A. Boys Arnold Trust Company Relationship**

In November 2000, BAC established Boys Arnold Trust Company (BATC) to provide fiduciary and estate services to its clients. BATC is a wholly owned subsidiary of BAC and is a limited service (non-depository bank) trust company operating under the laws of the State of North Carolina and regulated by the North Carolina Banking Commission.

BATC offices are within the offices of BAC at 1272 Hendersonville Road, Asheville, North Carolina and BAC provides investment advisory services to BATC. The directors and officers of BAC are also the officers of BATC. Messrs. Arnold, Vannice and Rhodin were incorporators of BATC and serve as directors and officers of BATC. BATC's service agreement with BAC specifies BAC will provide BATC all necessary personnel and equipment to operate its business and that the records and files of BATC will be maintained on systems separate and distinct from those of BAC. For the services provided to BATC by BAC, BATC has agreed to pay BAC a portion of the fees it receives from its clients.

Although not identical to BAC, the fees charged by BATC are no greater than the BAC fees for similar services. BATC charges an additional fee for its fiduciary services. BAC and BATC may refer clients and prospects to one another. There is no financial arrangement between the two companies for cross referrals.

## B. Charles Schwab & Company and Fidelity Investments Relationship

If a client asks for the recommendation of BAC regarding the selection of a broker/custodian, BAC will generally recommend that the client establish a brokerage account with Charles Schwab & Co., Inc. (Schwab) or with Fidelity Investments (Fidelity), to maintain custody of the client's assets and to effect trades for their account. Each client has the ultimate decision concerning the broker/dealer to be used as primary custodian. BAC is independently owned and operated and not affiliated with Schwab or Fidelity. These two companies provide BAC with access to institutional trading, custody services, research and access to mutual funds and other investment services, which are typically not available to Schwab or Fidelity retail investors. These products and services may not directly benefit BAC clients, but they do assist BAC in managing and administering client accounts. BAC receives no direct financial compensation from Schwab or Fidelity if the client does choose either of these as their primary custodian.

BAC does receive client referrals from Schwab through BAC's participation in the Schwab Advisor Network. This service is designed to help investors find an independent investment advisor. BAC pays Schwab a fee on all referred clients that open accounts with BAC and that maintain custody at Schwab. The fee is paid by BAC and not by the client. BAC has agreed with Schwab not to charge clients referred through the service fees or costs greater than the fees or costs BAC charges clients with similar portfolios who were not referred through the service.

BAC receives no direct compensation from either Schwab or Fidelity for accounts that are opened at these institutions.

## C. Goldman Sachs Group, Inc. Relationship

In February of 2007 BAC entered into a relationship with Goldman, Sachs Group, Inc.(GS), whereby GS makes a wide array of their products available to BAC at institutional rates which would not be available to the general retail market. BAC also has access to various GS research that also is not available to the general public. All clients of BAC can potentially benefit from these products and services, but there is no requirement for BAC to purchase GS products or for BAC to place clients in those products. BAC will generally charge its management fee on any client funds that are placed in GS products in addition to any fee charged by GS that is internal to that product.

BAC receives no direct compensation from GS for accounts that are opened at this institution.

#### D. Other Professional Relationships

In the general course of business, BAC employees often work closely with other professionals, such as lawyers, CPAs and insurance agents, who may or may not refer prospects to BAC. BAC has no financial arrangement with any of these professionals.

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

BAC has adopted a Code of Ethics that all employees are bound to abide by. The Code lays out general and specific principles and standards of business conduct that guide the actions and conduct of all employees of the company. This Code is designed to insure that all employees maintain the highest standards as a fiduciary and that all employees place their clients' interests above their own. Upon request any client or prospect may receive a copy of the Code.

BAC has no financial interest in any security that it might purchase for a client's account. However, a BAC employee may recommend to clients the purchase or sale of securities that they may own personally. BAC and its employees recognize their responsibility to always place the client's interest first and that there are potential conflicts of interest with regard to employee trading. Accordingly, BAC has an internal trading policy that employees must adhere to. This policy includes quarterly reporting of trades and pre-approval by BAC's Compliance Committee in certain circumstances.

At the end of each calendar quarter all employees are required to report to the Compliance Committee all of their personal trades to insure compliance to all pertinent securities regulations and the BAC Code of Ethics.

As mentioned above, BAC recognizes its responsibility to put client transactions before personal employee trading. Therefore, after a period of waiting where client accounts have had the opportunity to purchase or sell securities, employees are then eligible to participate in the firm's recommendations to buy and sell securities in their own personal accounts.

Another area for a potential conflict of interest is "cross" transactions. A "cross" transaction occurs when a BAC employee arranges the purchase and sale of a security between two clients, but does not act as a broker in the transaction. Cross transactions are permitted in client accounts, but the firm does have a policy and procedure to insure that these types of transactions are void of any conflict of interest and that the interests of both clients are met.

#### **Item 12: Brokerage Practices**

Each client has discretion to use a specific broker/dealer as a primary custodian. Commissions and any discounts are specified at the outset between the client and the

broker selected by the client. These commissions and the quality of service may or may not be competitive with those of other broker/custodians that BAC might use. BAC will assist clients in negotiating commission rates that are considered to be competitive.

In such cases where the client does not direct BAC to use a specific broker/custodian, BAC will recommend brokers that in the firm's opinion, provide the best combination of price and quality of service. BAC's primary objective in the selection of a broker is to strive to provide the client with the best overall quality of service and pricing available in the market. BAC considers such factors as execution capability, financial stability, clearance and settlement capability and advanced technological capabilities. BAC also considers the value of research products and services provided by the broker for the benefit of both the client and BAC. Such products and services may include research reports on companies, industries and securities, economic and financial data, financial publications, computer programs, compliance and regulatory assistance, internet account access and securities pricing services.

If a client asks for the recommendation of BAC regarding the selection of a broker/custodian, at the present time, BAC will recommend that the client establish a brokerage account with the Schwab or with Fidelity, to maintain custody of the client's assets and to effect trades for their account. Although BAC may recommend that clients establish accounts at Schwab or Fidelity, it is the client's ultimate decision to select their custodian. BAC is independently owned and operated and not affiliated with Schwab or Fidelity. Schwab and Fidelity provide BAC with access to products and services, which are typically not available to Schwab or Fidelity retail investors.

Schwab and Fidelity also make available to BAC certain products and services that benefit BAC but may not directly benefit its clients. Some of these other products and services assist BAC 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 trade orders for multiple client accounts; provide research, pricing information and other market data; facilitate payment of BAC's fees from its clients' accounts; and assist with back-office functions, recordkeeping and client reporting. Schwab and Fidelity also make available to BAC other services intended to help BAC manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory and compliance issues and marketing. As a fiduciary, BAC endeavors to act in its clients' best interest, and BAC's recommendation that clients maintain their assets in accounts at Schwab or Fidelity which may create a potential conflict of interest because BAC does benefit from the relationship as does its clients, but BAC receives no direct compensation for any account at either of these two institutions.

### **13: Review of Accounts**

Client accounts are monitored and reviewed by the investment counselor responsible for the account periodically during each quarter. Monthly all portfolios in aggregate



are monitored for performance by Investment Committee members. Triggering factors in an account review by a counselor would include changes in the client's needs or objectives, changes in the markets or investment outlook and changes in the prospects for individual securities. Each counselor of the firm has direct responsibility for roughly sixty account relationships. General investment policy is set by the Investment Committee composed of the officers of the company and all investment counselors. This general policy and the investment guidelines established for each account by the client and his/her counselor determine the structure of the client's portfolio. Each counselor's accounts are reviewed by the Investment Committee on a periodic basis.

Clients receive quarterly account packages from BAC presenting the market value of all assets in the client's account and a performance update. Accompanying the appraisal generally is a letter outlining market performance for the quarter, comparisons against market averages and other pertinent portfolio information. This letter also gives a written commentary of the firm's appraisal of the economic and market conditions and market environment. In addition each client will receive a separate monthly statement from their custodian summarizing their account with month end closing values for all securities, the account's total market value and a summary of all transactions during the month.

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

BAC does receive client referrals from Schwab through BAC's participation in Schwab Advisor Network. This service is designed to help investors find an independent investment advisor. BAC pays Schwab a fee on all referred client accounts that maintain custody at Schwab. The fee is paid by BAC and not by the client. BAC has an agreement with Schwab to not charge clients referred through the service fees or costs greater than the fees or costs BAC charges clients with similar portfolios who were not referred through the service.

In October of 2010 BAC entered into a contractual agreement with Kingston Investment Counsel, Inc. and its owner William J. Snider. This agreement pays Mr. Snider a portion of the fees earned from former clients who are now managed by BAC. The fee sharing arrangement lasts for a period of 4 years.

#### **Item 15: Custody**

Each client receives a monthly statement from their qualified custodian. All clients should very carefully review that statement to insure that it is correct. On a quarterly basis BAC mails each client a quarterly package that details account values and performance. It is recommended that clients compare this package with the custodial statements to insure accuracy.

**Item 16: Investment Discretion**

BAC generally operates with investment discretion in client relationships. A discretionary account authorizes BAC to purchase and sell securities in accordance with guidelines established by the client and BAC. Clients may place restrictions on the class or type of securities to be purchased in the account, but those restrictions can impact the performance of the account. The company also handles certain relationships on a non-discretionary basis in which all trades are pre-approved by the client before they are executed in the portfolio.

**Item 17: Voting Client Securities**

Upon contracting with BAC for investment management services, clients have the option to retain their securities voting responsibility for themselves or to elect BAC to handle their proxy voting obligations. If their choice is to have BAC vote their proxies, BAC will receive the client's proxy information directly from their respective brokerage firm and/or through a proxy-voting vendor and will vote their shares. Boys Arnold & Company has contracted with an independent company to provide the automated delivery of proxy voting ballots and the ability to electronically vote those ballots for all client securities for those clients that have given BAC the authority to vote their proxies. Additionally, the vendor has contracted with a corporate governance firm, to research and to provide voting recommendations on all ballot items. BAC generally will vote according to their recommendations, unless, in the judgment of BAC, it is not in the client's best interest to do so. In those cases BAC will override the recommendation and vote as the firm's Investment Committee recommends. Clients may direct BAC to vote in a particular solicitation and BAC will vote the ballot as directed by the client. Also a client may request from BAC information about how BAC voted any particular ballot. Upon request clients may obtain a copy of the firms Proxy Voting Policy and Procedure.

**Item 18: Financial Information**

None is required to be presented

**BROCHURE SUPPLEMENT**  
**Part 2B of Form ADV**

This supplement lists all the Investment Counselors of Boys Arnold & Company, Inc(BAC). These individual are also members of the firm's Investment Committee that is charged with the responsibility to formulate and implement the firm's investment strategy. Each client of BAC is assigned an Investment Counselor to work with them to implement and monitor the client's investment portfolio on an on going basis. Each assigned counselor will be directly advising the client and providing financial and investment advise to the client. Additionally, there might be occasions where other members of the Investment Committee are called upon to provide advise and counsel to the client for a particular area that that counselor might have an expertise in. Each Investment Counselor has a direct supervisor and the client account and portfolio of each Counselor is monitored by the Investment Committee to insure that the investment policies and strategies of the firm and the investment guidelines of each client are adhered to.

**THOMAS C. ARNOLD****Item 1:** Name, Business Address, Business Telephone Number

Thomas C. Arnold CFA, CIC  
4 Dunmore Court, Suite 201  
Hilton Head Island, SC 29926

843-342-8800

**Item 2:** Educational Background and Business Experience

Thomas Clingman Arnold

Birthdate: 09/06/1943

Education: Wharton Graduate School of PA, Philadelphia, Pennsylvania  
MBA - 1967  
University of North Carolina, Chapel Hill, North Carolina  
AB- History 1965  
Chartered Financial Analyst Designation (CFA) - Conferred 9/15/1988  
Chartered Investment Counselor(CIC) - Conferred 12/1/1988

**Business Background:**

Boys Arnold & Co., Inc., Hilton Head Island, South Carolina  
Member, Board of Directors; Investment Counselor;  
Employed 7/1983 to Present  
Akzona, Inc., Asheville, North Carolina  
VP and Treasurer, 4/82 to 7/83  
American Enka Co., Part of Akzona, Enka, North Carolina  
VP and Div. Manager, 7/74 to 4/82

**Item 3:** Disciplinary Information

Mr. Arnold has never been charged with or guilty of any legal or disciplinary action within the investment industry.

**Item 4:** Other Business Activities

None.

**Item 5:** Additional Compensation

None

**Item 6:** Supervision

Mr. Arnold is a member of the Board of the Directors of the company. His direct supervisor is Jon L. Vannice whose telephone number is 828-274-1542. The client accounts that Mr. Arnold has responsibility for are monitored periodically by the firm's Investment Committee.

**JON L. VANNICE**

**Item 1:** Name, Business Address, Business Telephone Number

Jon L. Vannice CTFA, CFP  
1272 Hendersonville Road  
Asheville, NC 28803

828-274-1542

**Item 2:** Educational Background and Business Experience

Jon Loveless Vannice

Birthdate: 02/22/1957

Education: Miami University (Ohio), Oxford, Ohio, MBA- Finance, 1983  
The Ohio State University, Columbus, Ohio, BSBA - Finance, 1982  
Certified Financial Services Counselor- Conferred by American  
Bankers Association in August, 1990  
Certified Financial Planner (CFP)- Conferred in March, 1994  
Certified Trust and Financial Adviser (CTFA)- Conferred in Sept. 1995

**Business Background:**

Boys Arnold & Company, Inc., Asheville, North Carolina,  
President & Chief Operating Officer, Investment Counselor,  
employed 5/92 to Present  
NationsBank, Nashville, TN, VP Trust Investments & Trust Officer 6/90  
To 5/92  
First National Bank, Zanesville, Ohio, VP Trust & Trust Officer, 1/85  
To 6/90  
Hendley & Company, Zanesville, Ohio Portfolio Manager, 9/83 to 12/84

**Item 3:** Disciplinary Information

Mr. Vannice has never been charged with or guilty of any legal or disciplinary action within the investment industry.

**Item 4:** Other Business Activities

None.

**Item 5:** Additional Compensation

None

**Item 6:** Supervision

Mr. Vannice is President of the Corporation. His direct supervisor is Thomas C. Arnold whose telephone number 843-342-8800. The client accounts that Mr. Vannice has responsibility for are monitored periodically by the firm's Investment Committee.

**JOHN P. RHODIN****Item 1:** Name, Business Address, Business Telephone Number

John P. Rhodin CIC, CFA, CFP  
1272 Hendersonville Road  
Asheville, NC 28803

828-274-1542

**Item 2:** Educational Background and Business Experience

John Phillip Rhodin

Birthdate: 6/27/63

Education: University of Calgary, Alberta, Canada  
BA Economics, 1985, B. Commerce - Finance, 1986  
University of North Carolina, Chapel Hill, North Carolina  
MBA - Finance, 1992  
Chartered Financial Analyst Designation (CFA) - Conferred Sept. 1990  
Chartered Investment Counselor (CIC) - Conferred January, 1995  
Certified Financial Planner(CFP)

**Business Background:**

Boys Arnold & Company, Inc., Asheville, North Carolina  
Vice President and Treasurer, Investment Counselor, employed 6/92 to  
Present  
Wachovia Investment Management, Winston-Salem, North Carolina  
Summer Intern, Analyst, 4/91 to 8/91  
Barnett Bank of Southwest Florida, Sarasota, Florida  
Credit Analyst, 3/87 to 8/90

**Item 3:** Disciplinary Information

Mr. Rhodin has never been charged with or guilty of any legal or disciplinary action within the investment industry.

**Item 4:** Other Business Activities

None.

**Item 5:** Additional Compensation

None

**Item 6:** Supervision

Mr. Rhodin is Vice President-Treasurer of the Corporation. His direct supervisor is Jon L. Vannice telephone number 828-274-1542. The client accounts that Mr. Rhodin has responsibility for are monitored periodically by the firm's Investment Committee.

**JOHN B. KUHNS**

**Item 1:** Name, Business Address, Business Telephone Number

John B. Kuhns  
1272 Hendersonville Road  
Asheville, NC 28803

828-274-1542

**Item 2:** Educational Background and Business Experience

John Bradley Kuhns

Birthdate: 04/16/54

Education:     The Ohio State University, Columbus Ohio  
                    BS - Finance, 1977  
                    Miami University (Ohio), Oxford, Ohio  
                    Associate Arts, 1975

Business Background:

Boys Arnold & Company, Inc., Asheville, North Carolina  
Investment Counselor, employed 2/87 to Present  
Kuhns Investment Co., Dayton, Ohio  
VP and Portfolio Manager, 7/77 to 1/87  
Portfolio Strategies, Inc., Dayton, Ohio  
President/Portfolio Manager 3/83 to 12/86

**Item 3:** Disciplinary Information

Mr. Kuhns has never been charged with or guilty of any legal or disciplinary action within the investment industry.

**Item 4:** Other Business Activities

None.

**Item 5:** Additional Compensation

None

**Item 6:** Supervision

Mr. Kuhns's direct supervisor is Jon L.Vannice, telephone number 828-274-1542. The client accounts that Mr. Kuhns has responsibility for are monitored periodically by the firm's Investment Committee.

**STANLEY H. COCKE**

**Item 1:** Name, Business Address, Business Telephone Number

Stanley H. Cocke  
1272 Hendersonville Road  
Asheville, NC 28803

828-274-1542

**Item 2:** Educational Background and Business Experience

Stanley Howland Cocke

Birthdate: 02/05/41

Education: University of North Carolina, Chapel Hill, NC  
B S Economics - 1963

Business Background:

Boys Arnold & Co., Inc., Asheville, North Carolina  
Senior Financial Advisor & Secretary, employed 7/99 to Present  
Wachovia Bank, Asheville, North Carolina  
Vice President, Private Banking, 11/73 to 6/99

**Item 3:** Disciplinary Information

Mr. Cocke has never been charged with or guilty of any legal or disciplinary action within the investment industry.

**Item 4:** Other Business Activities

None.

**Item 5:** Additional Compensation

None

**Item 6:** Supervision

Mr. Cocke is Secretary of the Corporation. His direct supervisor is Jon L. Vannice, telephone number 828-274-1542. The client accounts that Mr. Cocke has responsibility for are monitored periodically by the firm's Investment Committee.



**DAVID C. WHILDEN**

**Item 1: Name, Business Address, Business Telephone Number**

David C. Whilden  
1272 Hendersonville Road  
Asheville, NC 28803

828-274-1542

**Item 2: Educational Background and Business Experience**

David Charles Whilden

Birthdate: 12/14/1953

Education: Campbell University School of Law - Buies Creek, North Carolina  
Juris Doctorate, 1982

Wake Forest University, Winston-Salem, North Carolina  
B.A. Political Science, 1976

Business Background:

Boys Arnold & Company, Inc., Asheville, North Carolina  
Senior Trust Officer, Investment Counselor, employed 9/01 to Present  
Centura Bank, Inc., Asheville, North Carolina  
Regional Trust Officer, 3/89 to 8/01  
First Union National Bank, Charlotte, North Carolina  
Vice President & Trust Officer, 10/83 to 2/89

**Item 3: Disciplinary Information**

Mr. Whilden has never been charged with or guilty of any legal or disciplinary action within the investment industry.

**Item 4: Other Business Activities**

None.

**Item 5: Additional Compensation**

None

**Item 6: Supervision**

Mr. Whilden's direct supervisor is Jon L. Vannice, telephone number 828-274-1542. The client accounts that Mr. Whilden has responsibility for are monitored periodically by the firm's Investment Committee.

**J. GARST REESE**

**Item 1:** Name, Business Address, Business Telephone Number

J. Garst Reese CFA  
1272 Hendersonville Road  
Asheville, NC 28803

828-274-1542

**Item 2:** Educational Background and Business Experience

Jay Garst Reese

Birthdate: 10/16/1970

Education: Wake Forest University, Babcock Graduate School of Management  
MBA, 2005  
Lenior-Rhyne University, Hickory, North Carolina, BA Business  
Administration  
Chartered Financial Analyst Designation (CFA) - Conferred Sept., 2008

**Business Background:**

Boys Arnold & Company, Inc., Asheville, North Carolina  
Investment Counselor, employed 8/05 to present  
A. G. Edwards & Sons, Inc., Johnson City, Tennessee  
Financial Consultant, 3/94 to 1/03

**Item 3:** Disciplinary Information

Mr. Reese has never been charged with or guilty of any legal or disciplinary action within the investment industry.

**Item 4:** Other Business Activities

None.

**Item 5:** Additional Compensation

None

**Item 6:** Supervision

Mr. Reese's direct supervisor is Jon L. Vannice, telephone number 828-274-1542. The client accounts that Mr. Reese has responsibility for are monitored periodically by the firm's Investment Committee.

**MARTHA ANNE MCDONALD**

**Item 1:** Name, Business Address, Business Telephone Number

Martha Anne McDonald CPA  
4 Dunmore Court, Suite 201  
Hilton Head Island, SC 29926

843-842-8800

**Item 2:** Educational Background and Business Experience

Martha Anne McDonald

Birthdate: 9/17/1947

Education: Emory University, Atlanta, GA, Bachelor of Business Admin., 1969  
Certified Public Accountant (CPA)

**Business Background:**

Boys Arnold & Company, Inc., Hilton Head Island, South Carolina  
Investment Counselor and Director of Business Development,  
Employed 2/08 to present  
Sun Trust Bank, Hilton Head Island, South Carolina  
First Vice President/Client Advisor, 1/04 to 2/08  
Wachovia Bank, Atlanta, Georgia and Hilton Head Island, SC  
Vice President Wealth Strategist, 1/93 to 1/04  
Consulting and Financial Planning, Business Management and  
Corporate Accounting, Public Accounting, Atlanta, 9/69 to 1/93

**Item 3:** Disciplinary Information

Ms. McDonald has never been charged with or guilty of any legal or disciplinary action within the investment industry.

**Item 4:** Other Business Activities

None.

**Item 5:** Additional Compensation

Ms. McDonald does receive additional compensation from Boys Arnold & Company, Inc. for new accounts that she opens for the firm. That income is based on the total fees that those accounts generate for the firm.

**Item 6:** Supervision

Ms. McDonald's direct supervisor is Thomas C. Arnold, telephone number 843-842-8800. The client accounts that Ms. McDonald has responsibility for are monitored periodically by the firm's Investment Committee.

**JASON G. ALLEN**

**Item 1:** Name, Business Address, Business Telephone Number

Jason G. Allen CFA  
4 Dunmore Court, Suite 201  
Hilton Head Island, SC 29926

843-842-8800

**Item 2:** Educational Background and Business Experience

Jason Gary Allen

Birthdate: 11/9/1972

Education: Wake Forest University, Winston-Salem, NC, BS Finance, 1994  
Wake Forest University, Winston-Salem, North Carolina  
Babcock Graduate School of Management  
MBA, Investment Management, 1996  
Chartered Financial Analyst Designation(CFA) - Conferred Sept. 2000

**Business Background:**

Boys Arnold & Company, Inc., Hilton Head Island, South Carolina  
Investment Counselor, employed 1/10 to present  
Atlanta Equity Research, Atlanta, GA, Managing Partner, 8/02 to 12/09  
SunTrust Robinson Humphrey, Atlanta, Georgia  
Research Analyst, 5/98-8/02  
Delta Airlines, Inc., Atlanta, GA, Senior Analyst Strategic Planning,  
7/96 to 5/98

**Item 3:** Disciplinary Information

Mr. Allen has never been charged with or guilty of any legal or disciplinary action within the investment industry.

**Item 4:** Other Business Activities

None.

**Item 5:** Additional Compensation

None

**Item 6:** Supervision

Mr. Allen's direct supervisor is Thomas C. Arnold, telephone number 843-842-8800. The client accounts that Mr. Allen has responsibility for are monitored periodically by the firm's Investment Committee.

**The next two pages contain information regarding the various professional designations of some of the counselors of the firm.**

## **DESCRIPTION AND MINIMUM REQUIREMENTS REQUIRED FOR PROFESSIONAL DESIGNATIONS**

### **Chartered Investment Counselor (CIC)**

**Summary:** Must first obtain a CFA, then be employed be a member of the Investment Counsel Association of America (ICAA) and have five years of related work experience. Designation implies that advisor has significant experience with investment counseling and portfolio management, and that the advisor is held to a higher set of ethical standards.

**Issuing Organization:** Investment Counsel Association of America, Inc. (ICAA)

**Website:** [www.icaa.org](http://www.icaa.org)

### **Chartered Financial Analyst (CFA)**

**Summary:** CFA is a designation awarded by the CFA Institute to experienced financial analysts who have passed exams in economics, financial accounting, portfolio management, security analysis and standards of conduct. Prerequisites include having a four year degree and three years investment experience, or four years qualified work experience. This designation which is held mostly by institutional money managers and stock analysts carries quite a bit of prestige. Average completion time for the course is four years.

**Issuing Organization:** CFA Institute

**Website:** [www.cfainstitute.org](http://www.cfainstitute.org)

### **Certified Financial Planner (CFP)**

**Summary:** This is the hallmark planning credential, granted by the Certified Financial Planner Board of Standards. To receive this credential, the candidate must first have three years of financial planning experience and a bachelor's degree, or five years of financial planning experience. The candidate can also bypass the education requirement by holding one of the following designations: CPA, ChFC, CLU, CFA, Ph.D. in business or economics, or be an attorney (final exam must still be taken). After completing a final certification exam, the advisor must follow up with thirty hours of continued education every 2 years.

**Issuing Organization:** Certified Financial Planner Board of Standards (CFP-Board)

**Website:** [www.cfp-board.org](http://www.cfp-board.org)

### **Certified Trust & Financial Advisor (CTFA)**

**Summary:** For advisors with estate planning and trust expertise. The advisor must have a minimum of three years experience in personal trusts and the completion of an ICB trust training program OR five years experience in personal trusts and a bachelor's degree OR ten year experience in personal trusts. Designees must also sign a professional code of ethics and pass an examination. Forty five hours of continuing education must be completed every 3 years.

**Issuing Organization:** Institute of Certified Bankers (ICB)

**Website:** [www.aba.com/icbcertifications/about\\_us.htm](http://www.aba.com/icbcertifications/about_us.htm)

### **Certified Public Accountant (CPA)**

**Summary:** This credential is awarded by State Accountancy Boards and designates technical accounting and tax competency. It does not touch on planning.

**Issuing Organization:** State Accountancy Boards

**Website:** [www.aicpa.org](http://www.aicpa.org)