

Part 2A of Form ADV: *Firm Brochure*

Rachor Investment Advisory Services, LLC

2357 Stone Bridge Drive, Building I
PO Box 320100
Flint, MI 48532

Telephone: 810-732-7777
Email: helpme@rias.net

09/30/2011

This brochure provides information about the qualifications and business practices of Rachor Investment Advisory Services, LLC. If you have any questions about the contents of this brochure, please contact us at 810-732-7777 or helpme@rias.net. 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.

Additional information about Rachor Investment Advisory Services, LLC also is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 105495.

Item 2 Material Changes

The SEC adopted "Amendments to Form ADV" in July, 2010. This Firm Brochure, dated 09/30/2011, is our new disclosure document prepared according to the SEC's new requirements and rules. As you will see, this document is a narrative that is substantially different in form and content, and includes some new information that we were not previously required to disclose.

After our initial filing of this Brochure, this Item will be used to provide our clients with a summary of new and/or updated information. We will inform you of the revision(s) based on the nature of the updated information.

Consistent with the new rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

Item 3 Table of Contents

Item 1	Cover Page	1
Item 2	Material Changes	2
Item 3	Table of Contents	3
Item 4	Advisory Business	4
Item 5	Fees and Compensation	7
Item 6	Performance-Based Fees and Side-By-Side Management	9
Item 7	Types of Clients	9
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss	9
Item 9	Disciplinary Information	12
Item 10	Other Financial Industry Activities and Affiliations	12
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	12
Item 12	Brokerage Practices	14
Item 13	Review of Accounts	15
Item 14	Client Referrals and Other Compensation	16
Item 15	Custody	16
Item 16	Investment Discretion	17
Item 17	Voting Client Securities	17
Item 18	Financial Information	17

Item 4 Advisory Business

Rachor Investment Advisory Services, LLC (hereinafter referred to as "Rachor") is a SEC-registered investment adviser with its principal place of business located at 2357 Stone Bridge Drive, Building I, Flint, Michigan, 48532. Rachor Investment Advisory Services, LLC began conducting business in 1984.

Listed below are the firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company).

- RIAS Holding Company Incorporated (100%)

In addition, the following information identifies indirect owners of 25% or more of our firm:

- Laurie Patricia Torrey (33 1/3%)
- Kathleen Ann Fox (33 1/3%)
- Tod G. Fisher 2010 Irrevocable Trust #1 UAD 1/12/2010, Laurie Patricia Torrey, Trustee (33 1/3%)

Advisory Services

Our investment services are based on the client's individual goals and objectives. We meet with each client before any funds are invested to develop with the client the investment objectives for the client account. We also educate our clients with regard to the long term nature of our investment strategies. If a client is interested in investing with a private money manager, we educate the client with regard to the risk and volatility of investing in concentrated portfolios. We then proceed to recommend the implementation of the client's investment policy and continue our investment consulting services by monitoring, measuring performance and measuring risk in our client and sample portfolios. Our services follow the continuous flow of the investment process directed by investment policies based on the client's goals and objectives.

After consultation with our client, an investment policy is adopted. The investment policy is implemented using either private money managers or public money managers as well as other securities or a combination thereof.

Private money managers are typically investment advisers registered with the Securities & Exchange Commission who individually manage client accounts. Each client owns and can view all the positions in his or her account at any time.

The portion of the client portfolios allocated to private money managers (if any) is managed by the private money managers on a discretionary basis. We monitor these portfolios on a limited basis, primarily for performance results. We provide an analysis of the private money managers' historical performance and a limited analysis of the private money managers' investment strategies.

We do not have the discretion to change the allocation of assets managed by private money managers without the consent of the client. Nor do we generally recommend a reallocation

once the initial recommendation is made to allocate client assets to a particular private money manager. Clients are discouraged from reallocating assets among the private money managers due to the long term nature of these investment strategies.

Private money managers are initially selected by our clients after numerous consultations with Rachor. The consultations are designed to educate clients with regard to the risky and volatile nature of the concentrated portfolios and determine if a concentrated portfolio is a viable option for a particular client.

Public money managers manage portfolios that are registered as an investment company, commonly referred to as a mutual fund. In public funds, an investor's funds are commingled with the funds of other investors and the value of the fund is publicly reported on a daily basis. The portion of the client portfolios allocated to public money managers (if any) are invested in open or closed end mutual funds. We may also recommend that a client invest in individual securities. We manage these accounts on a discretionary basis and we monitor those investments on an ongoing basis. We select the public money managers and/or other securities and we have the authority to change the allocations among the public money managers and/or securities at any time without the consent of the client in accordance with the asset allocation instructions signed by the client.

Rachor uses the institutional mutual funds managed by Dimensional Fund Advisors, Inc. ("DFA") for the vast majority of its discretionary accounts. These are passively managed institutional mutual funds designed to provide asset class risk and return. Our clients gain access to the DFA management services using Loring Ward, a division of LWI Financial Inc. (hereinafter referred to as "LW"), who acts as a sub-advisor to Rachor or through Rachor.

We primarily use Loring Ward ("LW") for client accounts allocated to public money managers. The private money managers that manage our client accounts are with Gilder, Gagnon, Howe & Co., LLC ("GGH") and/or Gagnon Securities, LLC ("GS"). LW, GGH and GS are briefly described below.

LWI Financial Inc. (LW)

Rachor may manage the portfolio, selected by the client, by entering into an account agreement with LW, together with the client, to assist in the management of the portfolio. A separate LW account document contains additional details of the agreement. Once the client has signed an agreement with LW, LW will accept verbal and/or written instructions from Rachor directing investment and reinvestment of the client's account.

If we are providing discretionary management with respect to the client account, we generally recommend institutional mutual funds managed by Dimensional Fund Advisors, Inc. ("DFA") as well as SA Funds managed by DFA, which are distributed by LW for the vast majority of our discretionary accounts. These are passively managed institutional mutual funds designed to provide asset class risk and return. DFA offers its services only through certain investment advisers and our clients are able to gain access to the DFA funds and services through LW. SA Funds and DFA Funds have specialized limited distribution and may not be transferable to other custodians which may result in recognition of taxable income should the client sell his or her SA Funds or DFA Funds. Along with LW, we have the discretion to

initiate the purchase and/or sale of mutual funds to rebalance the client portfolio in accordance with the signed asset class allocation instruction sheet selected by the client.

Our clients who implement their asset allocation plan through the purchase of shares of SA Funds also receive quarterly reports of performance and account holdings from LW and we receive historical performance and transaction data from LW with respect to our clients.

LW also provides a number of additional services to us with respect to clients who utilize LW, including periodic performance reports, periodic rebalancing of the portfolio and the associated reports, year-end supplemental tax information for taxable accounts, and maintenance records of account assets including all purchases, redemptions, sales and exchanges. In addition, LW provides our firm with educational opportunities and certain software designed to assist us in assessing the client's financial condition, goals, risk tolerance, income, liquidity requirements and investment time horizon. LW may also assist us in developing recommendations and may assist us on an ongoing basis with determining the classifications of client's account assets into asset classes. In addition, LW provides us and the client with client performance reports, a mechanism for billing and collection of advisory fees and quarterly rebalancing services. The services provided by LW create an inherent conflict of interest since they may be deemed to provide an incentive for us to continue to recommend services through LW.

LW also collects the investment advisory fees payable to us for clients who utilize LW. For clients invested in SA Funds, LW receives investment advisory and administration fees, and shareholder servicing fees from the SA Funds. These fees are paid by clients whose assets are invested in those mutual funds. These fees are separate and distinct from the investment advisory fees charged by us. For clients invested in securities or funds other than SA Funds, including DFA Funds, the client will pay investment advisory fees to us and administration and reporting fees to LW based on the size of the client account and the aggregate client assets we have under administration with LW. We negotiate the administrative fees with LW and the fee is based, in part, on the aggregate amount of our client assets invested in the DFA funds or other securities. Investments in the SA Funds are excluded from this administrative fee because LW receives certain fees and expenses directly from the SA Funds.

Clients may be able to directly invest in mutual funds at a lower cost.

GGH and GS

We also use private money managers at either Gilder, Gagnon, Howe & Co., LLC, ("GGH") or Gagnon Securities, LLC ("GS") for separately managed accounts. Both GGH and GS are introducing brokerage and investment advisory firms with managers who design portfolios for investments for long term growth. Each individual manager within GGH or GS makes his or her own investment decisions with respect to the portfolio he or she manages. We suggest the use of the private money managers at GGH and GS based on our evaluation of their experience as discretionary money managers, not based on their function as an introducing broker. The private money managers, including the individual brokers at GGH and GS, have discretionary authority, given to them by the client, to make buy and sell decisions on behalf of the client. Rachor will not make securities recommendations for accounts managed by brokers at GGH and GS and does not exercise discretionary authority to make buy or sell decisions in these accounts or to change the allocation between managers.

The private money manager's compensation is charged to the client in the form of commissions for non-retirement accounts. The commissions are charged to the client and taken out of the client's account. The private money managers at GGH and GS, all of whom operate as brokers, charge high commissions for their services. The commissions are approximately 2% per transaction. The turnover in the accounts managed by the private money managers at GGH and GS may range from 200% to 1,000% or higher per year. The annual commission charges in the accounts managed by the private money managers at GGH and GS, acting as brokers, typically will be in the range of 4% to 13% or higher annually of the average account balance. Clients will pay interest on margin loan balances maintained at GGH and GS. Interest will not be paid on cash balances maintained in escrow to repurchase short position stocks. Both the commission charged and the turnover of the portfolios managed by the money managers at GGH and GS are expected to continue to be high.

For retirement accounts the private money managers charge based on a percentage of assets under management. The charges, which range from 2.25% to 3% annually are billed and taken out of the client's account on a monthly basis.

After the client has consulted with Rachor with regard to selecting an appropriate portfolio style and manager for the client's portfolio, the manager(s) selected and designated by the client will not be changed by us without the advice and consent of the client. In addition, we will not recommend changing the portfolio style or manager unless the client has notified us that his/her financial circumstances or manager preference changes.

Amount of Managed Assets

As of 6/30/2011, we we actively managing \$92,501,122 of client's assets on a discretionary basis and \$138,080,229 of client's assets on a non-discretionary basis.

Item 5 Fees and Compensation

Rachor's charges for Investment Supervisory Services are charged as a percentage of assets under management, according to the following schedule:

<u>Assets Under Management</u>	<u>Quarterly Charge</u>	<u>Total Annual Charge</u>
The First \$2,500,000	.25%	1%
The Next \$2,500,000	.125%	.5%
The Next \$2,500,000	.0625%	.25%
The Next \$2,500,000	.03125%	.125%
Balance in excess of \$10,000,000	.015625%	.0625%

Our charges are billed in advance at the beginning of each calendar quarter based upon the value (market value or fair market value in the absence of market value), of the client's account at the end of the previous quarter. Charges will be debited from the account in accordance with the client authorization in the Client Services Agreement.

Rachor, or LW, (for LW accounts), will mail our invoice for management charges to each client. A copy of the invoice will be mailed to the custodian for the client account and charges will be paid directly from the client account.

We retain the discretion to negotiate alternative fees on a client-by-client bases. The specific annual fee schedule is identified in the contract between Rachor and each client.

Rachor may pay for the services of a third party professional engaged to assist us in helping the client in achieving his or her investment objective. These services may include accounting, legal, tax or actuarial services.

Additional Compensation

The services offered by LW places LW as a sub-advisor to our firm. We bill our charges separately to the client account using the LW billing system. We may also receive non-cash compensation. The client will receive the appropriate disclosures and fee schedules when this service is offered. Advisory fees could change in the future. Comparable services may be available elsewhere for more or less.

GENERAL INFORMATION

Termination of the Advisory Relationship: A client agreement may be canceled at any time, by either party, for any reason upon receipt of written notice. Upon termination any prepaid, unearned charges will be promptly refunded. Rachor will refund client a pro-rata portion of the charges, calculated to the date of termination.

Mutual Fund Fees: All charges paid to Rachor Investment Advisory Services, LLC for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. We generally recommend 'no-load' mutual funds. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and Rachor's charges to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Additional Fees and Expenses: In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians. Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

ERISA Accounts: Rachor Investment Advisory Services, LLC is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. . As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation.

Advisory Fees in General: Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or

lower fees.

Limited Prepayment of Fees: Under no circumstances do we require or solicit payment of fees more than six months in advance of services rendered.

Item 6 Performance-Based Fees and Side-By-Side Management

Rachor Investment Advisory Services, LLC does not charge performance-based fees.

Item 7 Types of Clients

Rachor Investment Advisory Services, LLC provides advisory services to the following types of clients:

- High net worth individuals
- Individuals (other than high net worth individuals)
- Trusts
- Pension and profit sharing plans (other than plan participants)
- Pension and profit sharing plans (plan participants)
- Charitable organizations
- Corporations or other businesses not listed above

Minimum Account Requirements: We do not require a minimum account size. However, some private money managers or some mutual funds may have a minimum or maximum account size. The recommended, but not required, minimum per client combined accounts size is \$100,000.

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

METHODS OF ANALYSIS

Rachor furnishes advice to clients regarding the selection of private money managers, public money managers, independent investment advisors and registered investment advisors as part of our service.

Such advice with respect to private money managers is based on an analysis of the private money managers past performance, risk, the amount of leverage historically employed, and the number of short and long positions held over time in the managed portfolios.

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

Fundamental Analysis. We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a

potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

Risks for all forms of analysis. Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

INVESTMENT STRATEGIES

The following strategy(ies) are used in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

Long-term purchases. Securities are purchased with the idea of holding them in the client's account for a year or longer. Typically this strategy is employed when:

- the securities are considered to be currently undervalued, and/or
- we are seeking exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if predictions are incorrect, a security may decline sharply in value before the decision to sell is made.

Trading. Securities are purchased with the idea of selling them very quickly (typically within 30 days or less). This is done in an attempt to take advantage of predictions of brief price swings.

Short sales. Client accounts managed by the private money managers at GGH and GS may employ short sales. Shares of a stock are borrowed for the portfolio from someone who owns the stock on a promise to replace the shares on a future date at a certain price. Those borrowed shares are then sold. On a future date, the same stock is bought and the shares are returned to the original owner. Short selling is engaged in expecting that the stock will go down in price after the shares are borrowed and sold. The private money managers use short positions to reduce the risk of long positions purchased with money borrowed on margin. If correct and the stock price has gone down since the shares were borrowed from the original owner, the client account realizes the profit.

Short selling results in some unique risks:

1. *Losses can be infinite.* A short sale loses when the stock price rises, and a stock is not limited (at least, theoretically) in how high it can go. For example, if you short 100 shares at \$50 each, hoping to make a profit but the shares increase to \$75 per share, you'd lose \$2,500. On the other hand, the price of a stock cannot fall below \$0, which limits your

potential upside.

2. *Short squeezes can wring out profits.* As stock prices increase, short seller losses also increase as short sellers rush to buy the stock to cover their positions. This increase in demand, in turn, further drives the prices up, increasing losses.
3. *Timing.* Even if correct in determining that the price of a stock will decline, the investor runs the risk of incorrectly determining when the decline will take place, i.e., being right too soon. Although a company is overvalued, it could conceivably take some time for the price to come down; during which you are vulnerable to interest, margin calls, etc.
4. *Inflation.* History has shown that over the long term, most stocks appreciate. Even if a company barely improves over time, inflation should drive its share price up somewhat. In fact, short selling may not be appropriate in times of inflation for that very reason, as prices may adjust upwards regardless of the value of the stock.

Margin transactions. The private money managers at GGH and GS that manage accounts will purchase stocks for client portfolios with money borrowed from the broker. This allows the investor to purchase more stock than they would be able to with their available cash, and allows the purchase of stock without selling other holdings.

A risk in margin trading is that, in volatile markets, securities prices can fall very quickly. If the value of the securities in your account minus what you owe the broker falls below a certain level, the broker will issue a "margin call", and you will be required to sell your position in the security purchased on margin or add more cash to the account. In some circumstances, you may lose more money than you originally invested.

Option writing. Options may be used as an investment strategy in the accounts managed by the private money managers at GGH and GS. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts:

- A call gives the investor the right to buy an asset at a certain price within a specific period of time. A call will be bought if it is anticipated that the stock will increase substantially before the option expires.
- A put gives the holder the right to sell an asset at a certain price within a specific period of time. A put is bought if it is anticipated that the price of the stock will fall before the option expires.

Options may be used to speculate on the possibility of a sharp price swing. The private money managers at GGH and GS may use options to "hedge" a purchase of the underlying security; in other words, options may be used to limit the potential upside and downside of a security purchased in your portfolio.

Risk of Loss. Securities investments are not guaranteed and you may lose money on your

investments. Clients should understand that investing in any securities, including mutual funds, involves a risk of loss of both income and principal.

Item 9 Disciplinary Information

Rachor is required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

Item 10 Other Financial Industry Activities and Affiliations

Clients should be aware that the receipt of additional compensation by Rachor Investment Advisory Services, LLC and its management persons or employees creates a conflict of interest that may impair the objectivity of our firm and these individuals when making advisory recommendations. Rachor endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps to address this conflict:

- Rachor discloses to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients in addition to our firm's advisory fees;
- Rachor collects, maintains and documents accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- our firm's management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- Rachor requires that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- Rachor periodically monitors these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- Rachor educates our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Rachor Investment Advisory Services, LLC and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code. We endeavor to follow not just the letter of the law, but the spirit of the law.

Our Code of Ethics includes policies and procedures for the review of employee accounts quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's employees. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

Rachor's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to helpme@rias.net, or by calling us at 810-732-7777.

Rachor and individuals associated with our firm are prohibited from engaging in principal transactions.

Rachor and individuals associated with our firm are prohibited from engaging in agency cross transactions.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

As these situations represent actual or potential conflicts of interest to our clients, Rachor has established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

1. No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
2. No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.

3. Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.
4. We have established procedures for the maintenance of all required books and records.
5. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
6. We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
7. We have established policies requiring the reporting of Code of Ethics violations to our senior management.
8. Any individual who violates any of the above restrictions may be subject to termination.

Item 12 Brokerage Practices

The private money managers at GGH and GS recommend that GGH and GS and Rachor clients use the brokerage services of JP Morgan Clearing Corp. (JPMCC). GGH and GS are introducing brokers and do not have custody of client assets. JPMCC has custody of client assets and reports directly to the Rachor, GGH and GS clients. GGH and GS charge Rachor clients directly approximately 2% for each trade in non-retirement accounts. For retirement accounts GGH and GS charge Rachor clients 2.25% to 3.00% of assets under management debited at 1/12 monthly. In turn, GGH and GS pay JPMCC for JPMCC services to GGH and GS. Neither JPMCC nor GGH or GS pay anything to Rachor in hard or soft dollars. Hard dollars are where the broker or other party pays cash to Rachor for the services provided by Rachor to their clients. Soft dollars are where the other parties provide non-cash goods or services to Rachor. Examples of this would be software or research for the benefit of all clients or for a specific client situation.

GGH and GS do process Rachor quarterly invoices for Rachor charges and JPMCC debits client's accounts for said charges based on standing written client orders.

Rachor clients have a direct, independent relationship with each of their private money managers at GGH and GS.

Rachor exercises discretionary authority to purchase and sell securities held in client accounts that are not managed by the private money managers at GGH and GS. Rachor is not required to seek the client's consent before we buy or sell securities within the asset allocation in the client's account. We implement the client's investment policy through the selection of securities and public money managers. Generally, we suggest that clients select discount brokers or trust companies to execute the trades for that portion of the client's account in which we have discretionary authority.

Depending on the circumstances, Rachor may recommend that the client use LW, GGH or GS. Rachor does not receive any compensation, products, research or services from GGH and GS or their private money managers. However, we do receive numerous services from

LW which are described in Item 4 of this brochure without cost to us and these services allow us to better serve our clients. Some of the research provided by LW may benefit us, but not our clients directly. The benefits we receive from LW are not in connection with the sale or distribution of any investment product.

In fulfilling our duties to our client we endeavor at all times to put the interests of our client first. Although we are not paid cash from LW, the receipt of additional services from LW creates a conflict of interest since these benefits may influence our choice of an advisor over another advisor that does not furnish similar services.

In suggesting brokers and/or trust companies to our clients, we consider all of the services provided to our clients by the broker or trust company. Comparable brokerage services may be available elsewhere for more or less cost to the client. The client is under no obligation to engage the services of any recommended broker or custodian and the client is free to select his or her own broker or custodian. The client will be responsible for negotiating commission rates with the chosen broker or custodian. Clients should be aware that directed brokerage arrangements generally hinder the ability of an investment adviser to obtain the best price and execution, and therefore, clients may pay higher transaction costs than available elsewhere.

Some of the accounts we manage with complete discretionary authority are held at TD Ameritrade Institutional Services (TDA), a discount broker. We recommend TDA based on their service to our clients and the relatively low cost at which they are able to perform their services. Client accounts managed by Rachor with the assistance of LW use State Street Bank & Trust, Charles Schwab & Co., or TD Ameritrade as custodian based on their service to our clients and the relatively low cost at which they are able to perform their services.

Rachor may have access to research and/or services from these discount brokers or trust companies which we consider to be immaterial to our business. We believe that access to these items is available to all institutional managers or customers. We primarily suggest TD Ameritrade Institutional Services, Inc., Charles Schwab & Co., Inc, and/or State Street Bank & Trust because their charges are reasonable and their services to our clients have been good.

As a matter of policy and practice, Rachor Investment Advisory Services, LLC does not generally block client trades. Rachor implements client transactions separately for each account. Consequently, certain client trades may be executed before others, at a different price. Additionally, our clients may not receive volume discounts available to advisers who block client trades. With rare exception, clients for which Rachor has discretion are invested in asset class mutual funds managed by LW and/or DFA, where all clients buy and sell at Net Asset Values set by the fund at the end of each trading day. Therefore, blocked trades are neither an opportunity nor an impediment.

Item 13 Review of Accounts

INVESTMENT SUPERVISORY SERVICES PORTFOLIO MANAGEMENT

REVIEWS: All accounts are reviewed annually. Accounts are reviewed in the context of each

client's stated investment objectives and guidelines. Additional reviews may be triggered by material changes in the client's individual circumstances.

These accounts are reviewed by: Michael Rachor, MBA, CFA®, CPWASM, CIS, CIMA®, CIMC®, AAMS®, CMFC®, CFS, CFP®, ChFC®, CPA/PFS, CLU®, CSA®, DABFA, FACFE, Laurie Torrey, BA, CSA and Tod Fisher, BA, CFP®, CFS®, CPA/PFS, CFE, Cr.FA®

REPORTS: Clients are provided with activity and securities holdings reports for each of their accounts, on at least a quarterly basis, from the account custodian. In addition, Rachor provides monthly position reports summarizing performance, risk and balances for each client's accounts.

Item 14 Client Referrals and Other Compensation

Rachor's does not engage solicitors or pay related or non-related persons for referring clients to Rachor.

Rachor does not accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

Rachor's compensation comes from clients only.

Item 15 Custody

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm debits advisory fees directly from client accounts.

The client's custodian is advised of the amount of the charges to be deducted from that client's account. On at least a quarterly basis, each custodian is required to send to the client a statement showing all transactions within each account during the reporting period.

Because the custodian does not calculate the amount of the charges to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation. Clients should contact us directly if they believe that there may be an error in their statement.

In addition to the periodic statements that clients receive directly from their custodians, we also send monthly Position Statements directly to our clients. We urge our clients to carefully compare the information provided on all of these statements to ensure that all account transactions, holdings and values are correct and current.

In the event that a client and/or client trust has retained or retains an officer or employee of Rachor as trustee and Rachor acts as investment advisor to the client and/or client trust, the address of record will be a trust beneficiary(ies) or trust grantor(s).

Item 16 Investment Discretion

Clients may hire Rachor to provide discretionary asset management services. Rachor places trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- determine the security to buy or sell; and/or
- determine the amount of the security to buy or sell

Clients give Rachor discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

Item 17 Voting Client Securities

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We do not offer any consulting assistance regarding proxy issues to clients.

Item 18 Financial Information

As an advisory firm that maintains discretionary authority for client accounts we are required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. Rachor Investment Advisory Services, LLC has no additional financial circumstances to report.

Under no circumstances do we require or solicit payment of fees more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

Rachor Investment Advisory Services, LLC has not been the subject of a bankruptcy petition at any time.