

**Part 2A of Form ADV: *Firm Brochure***

**Charles D. Hyman and Company**

224 Ponte Vedra Park Drive, Suite 200  
Ponte Vedra Beach, Florida 32082

Telephone: 904-543-0360  
Email: [celeste@charlesdhyman.com](mailto:celeste@charlesdhyman.com)

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This brochure provides information about the qualifications and business practices of Charles D. Hyman and Company. If you have any questions about the contents of this brochure, please contact us at 904-543-0360 or [celeste@charlesdhyman.com](mailto:celeste@charlesdhyman.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.

Additional information about Charles D. Hyman and Company also is available on the SEC's website at [www.adviserinfo.sec.gov](http://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 105923.

## **Item 2     Material Changes**

This Firm Brochure, dated March 2, 2012, provides you with a summary of Charles D. Hyman and Company's advisory services and fees, professionals, certain business practices and policies, as well as actual or potential conflicts of interest, among other things. This Item is used to provide our clients with a summary of new and/or updated information; we will inform of the revision(s) based on the nature of the information as follows.

1. Annual Update: We are required to update certain information at least annually, within 90 days of our firm's fiscal year end (FYE) of December 31. We will provide you with either a summary of the revised information with an offer to deliver the full revised Brochure within 120 days of our FYE or we will provide you with our revised Brochure that will include a summary of those changes in this Item.
2. Material Changes: Should a material change in our operations occur, depending on its nature we will promptly communicate this change to clients (and it will be summarized in this Item). "Material changes" requiring prompt notification will include changes of ownership or control; location; disciplinary proceedings; significant changes to our advisory services or advisory affiliates – any information that is critical to a client's full understanding of who we are, how to find us, and how we do business.

The following summarizes new or revised disclosures based on information previously provided in our Firm Brochure dated March 15, 2011.

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## **Item 4    Advisory Business**

Charles D. Hyman and Company is a SEC-registered investment adviser with its principal place of business located in Florida. Charles D. Hyman and Company began conducting business in 1994.

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

1) Charles D. Hyman

Charles D. Hyman and Company offers the following advisory services to our clients:

### **INDIVIDUAL PORTFOLIO MANAGEMENT**

Our firm provides continuous asset management of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on the client's particular circumstances are established, we develop the client's personal investment policy. We create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we may also review and discuss a client's prior investment history, as well as family composition and background.

We manage these advisory accounts on a discretionary or non-discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Once the client's portfolio has been established, we review the portfolio periodically and if necessary, rebalance the portfolio based on the client's individual needs.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Municipal securities
- Mutual fund shares

- United States governmental securities

Because some types of investments involve certain additional degrees of risk, they will only be recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

### **AMOUNT OF MANAGED ASSETS**

As of 12/31/2011, we were actively managing \$623,500,000 of clients' assets on a discretionary basis plus \$20,200,000 of clients' assets on a non-discretionary basis.

## **Item 5 Fees and Compensation**

### **PORTFOLIO MANAGEMENT SERVICES FEES**

The annualized fee for Portfolio Management Services will be charged as a percentage of assets under management, according to the following schedule:

<b><u>Assets Under Management</u></b>	<b><u>Annual Fee</u></b>
\$2,500 Per Year	Minimum fee
on first \$1,000,000	1%
on next \$4,000,000	.75 of 1%
on assets over \$5,000,000	.50 of 1%

The annualized fee for Portfolio Management Services will be based on a percentage of assets under management and can be negotiated on a case-by-case basis. Overall factors to be considered will include the type and amount of assets to be managed and the complexity of the client's circumstances. Charles D. Hyman and Company's fees range from .5%-1% of assets on an annual basis and calculated on the last business day of the previous quarter.

In certain circumstances, a flat fee may be charged, an alternative charge could be negotiated and/or we may group certain related client accounts for the purposes of determining the annualized fee.

**Limited Negotiability of Advisory Fees:** Although Charles D. Hyman and Company has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs will be considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. All fee arrangements are detailed in a written investment advisory agreement which is executed by and between Charles D. Hyman and Company and the client, prior to receiving the funds to be managed.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

## 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 30 days written notice. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period plus the 30 day notice period.

***Mutual Fund Fees:*** All fees paid to Charles D. Hyman and Company for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETF's 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. 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 our fees 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 and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

***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 in excess of \$1,200 more than six months in advance of services rendered.

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

Charles D. Hyman and Company does not charge performance-based fees.

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

Charles D. Hyman and Company provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)

- High net worth individuals
- Pension and profit sharing plans(other than plan participants)
- Charitable organizations
- Retirement accounts

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

### METHODS OF ANALYSIS

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). We also listen to webcasts with management and track current news items via internet.

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.

***Technical Analysis.*** We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement. We look at charts available on internet financial research sites as well as investment publications.

***Asset Allocation.*** Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

***Mutual Fund and/or ETF Analysis.*** We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if

there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

***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**

We use the following strategy(ies) 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.*** We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want 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 advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

## **Item 9 Disciplinary Information**

We are 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**



Our firm and our related persons are not engaged in other financial industry activities and have no other industry affiliations. Please note that Charles D. Hyman is currently serving on the Board of Directors of a publicly traded company, Fidus Investment Corporation. He is the Chairman of the Nominating and Corporate Governance Committee and a member of the Audit Committee.

## **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.

Charles D. Hyman and Company 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.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. 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.

Charles D. Hyman and Company'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 [celeste@charlesdhyman.com](mailto:celeste@charlesdhyman.com), or by calling us at 904-543-0360.

Charles D. Hyman and Company and individuals associated with our firm are prohibited from engaging in principal transactions.

Charles D. Hyman and Company 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.

Charles D. Hyman and Company anticipates no conflict of interest with clients in the investment of securities because Charles D. Hyman and Company has adopted a trading policy that states: 1) Charles D. Hyman and Company, employees and related accounts must observe a forty eight (48) hour "black-out" period that prohibits the transactions in a security in which a trade has taken place in a client(s) account and 2) The policy above may be waived if Charles D. Hyman and Company, employee or related accounts participate in a block transaction where all securities are allocated to all involved accounts at or near the same price.

We may aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts will be included in the pro-rata allocation.

As these situations represent actual or potential conflicts of interest to our clients, we have 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. It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account within the forty eight (48) hour "black-out" period. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.
4. Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.
5. We have established procedures for the maintenance of all required books and records.
6. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
7. We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
8. We have established policies requiring the reporting of Code of Ethics violations to our

senior management.

9. Any individual who violates any of the above restrictions may be subject to termination.

## **Item 12 Brokerage Practices**

Charles D. Hyman and Company will endeavor to select those brokers or dealers which will provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on the broker's stability, reputation, ability to provide professional services, competitive commission rates and prices, research, trading platform, and other services which will help Charles D. Hyman and Company in providing investment management services to clients. Charles D. Hyman and Company may, therefore recommend (or use) the use of a broker who provides useful research and securities transaction services even though a lower commission may be charged by a broker who offers no research services and minimal securities transaction assistance. Research services may be useful in servicing all our clients, and not all of such research may be useful for the account for which the particular transaction was effected.

If no brokerage firm is specified by the client, Charles D. Hyman and Company will choose the broker or dealer to execute each transaction based on the commission rate charged by and the execution capabilities of the broker or dealer. Charles D. Hyman and Company will also consider the availability of the securities in question in determining the broker or dealer through which a transaction is executed. In addition, in order to establish and maintain contacts and relationships with various brokerage firms, Charles D. Hyman and Company generally plans to execute transactions with other brokerage firms.

In only one case, the applicant acts as Trustee for client trusts, effectively taking custody of client funds and securities. This one account will have a change in Trustee, soon.

Charles D. Hyman and Company plans to receive portfolio software and direct quote/research and exchange software, both of which will be directly related to Charles D. Hyman and Company's investment advisory services. Charles D. Hyman and Company's clients generally will not pay commissions higher than those obtainable from other brokers in return for the products and research. The products and research will be used to service all of Charles D. Hyman and Company's accounts. Charles D. Hyman and Company's receipt of products and research will not be a factor in directing client transactions to a particular broker, instead Charles D. Hyman and Company will continue to use the same procedures discussed in the paragraph above.

Charles D. Hyman and Company is not a broker, but has assisted clients in isolated incidents to arrange block trades of securities. In every instance, a registered broker is involved to effect the transactions and Charles D. Hyman and Company does not receive compensation from a broker for his efforts. Thus, Charles D. Hyman and Company does not effect, but rather manages the transactions for its clients.

Charles D. Hyman & Company may be restricted in its efforts to obtain volume discounts,

best execution etc. if the client directs Charles D. Hyman & Company to use specific brokers.

Charles D. Hyman and Company plans to seek a commission rate discount of 30% to 98% of the posted rate from full service brokers who effect securities transactions for clients' accounts. However, the execution capabilities of a broker will be considered in combination with the commission rate discount in selecting a brokerage firm through which a securities transaction is effected. Charles D. Hyman and Company will not select brokerage firms to effect transactions for clients accounts based solely upon the receipt of research services or other products. The factors generally to be considered by Charles D. Hyman and Company in directing brokerage transactions to specific brokers are the commission discounts offered by and the execution capabilities of the broker, together with the availability of the particular security being purchased. Any research services furnished through a broker may be used in serving accounts other than those which paid commissions to such broker.

We have a "mixed-use" soft dollar arrangement with Charles Schwab & Co. With regard to our usage of the Advent portfolio software, we have contacted Charles Schwab & Co. and they have informed us that the Charles Schwab legal group has reviewed the Advent portfolio software package and has come to the determination that 75% of the usage of this product falls within 28(e) as safe harbor as a portfolio management tool.

In analyzing this portion, we agree with this opinion based on our observation and usage of Advent. It assists in the portfolio management in several ways, as examples: Security Cross Reference, Industry Sector Weighting, Tax information in determining potential gain/loss liability for the portfolio, Overall allocation summarization (equity, fixed, cash) and Single position weighting as a percentage of the overall portfolio. We will continue to review and monitor our usage and the applicability of Advent in the portfolio management process. In addition, we will retain statements and any further documentation we receive from Advent.

When Charles D. Hyman and Company uses client brokerage commissions to obtain research or brokerage services, we receive a benefit to the extent that Charles D. Hyman and Company does not have to produce such products internally or compensate third-parties with our own money for the delivery of such services. Therefore, such use of client brokerage commissions results in a conflict of interest, because we have an incentive to direct client brokerage to those brokers who provide research and services we utilize, even if these brokers do not offer the best price or commission rates for our clients.

Within our last fiscal year, we have obtained the following products and services on a soft-dollar basis:

Advent Software, Inc.	Portfolio Software
Esignal	Quote Service
FT Interactive Data Corp	Quote Service
Morningstar, Inc.	Mutual Fund Research
New York Stock Exchange	Market Data Services

The Economist Magazine	Publication
Value Line Publishing, Inc.	Investment Research

We have used less of our soft dollar allowance than is available.

Charles D. Hyman and Company will block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block.

Block trading may allow us to execute equity trades in a more timely, equitable manner, at an average share price. Charles D. Hyman and Company will typically aggregate trades among clients whose accounts can be traded at a given broker, and generally will rotate or vary the order of brokers through which it places trades for clients on any particular day. Charles D. Hyman and Company's block trading policy and procedures are as follows:

- 1) Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with Charles D. Hyman and Company, or our firm's order allocation policy.
- 2) The trading desk in concert with the portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.
- 3) The portfolio manager must reasonably believe that the order aggregation will benefit, and will enable Charles D. Hyman and Company to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.
- 4) Prior to entry of an aggregated order, a written order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.
- 5) If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to

avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.

6) Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order, and must share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.

7) If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.

8) Charles D. Hyman and Company's client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.

9) Funds and securities for aggregated orders are clearly identified on Charles D. Hyman and Company's records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.

10) No client or account will be favored over another.

Charles D. Hyman and Company recommends that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab"), a FINRA registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although we recommend that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. Charles D. Hyman and Company is independently owned and operated and not affiliated with Schwab.

Schwab provides Charles D. Hyman and Company with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab Institutional. These services are not contingent upon our firm committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For our client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab Institutional also makes available to our firm other products and services that benefit Charles D. Hyman and Company but may not directly benefit our clients' accounts. Many of these products and services may be used to service all or some substantial number of our

client accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist us in managing and administering our clients' accounts include software and other technology that

- i. provide access to client account data (such as trade confirmations and account statements);
- ii. facilitate trade execution and allocate aggregated trade orders for multiple client accounts; provide research, pricing and other market data;
- iii. facilitate payment of our fees from clients' accounts; and
- iv. assist with back-office functions, recordkeeping and client reporting.

Schwab Institutional also offers other services intended to help us manage and further develop our business enterprise. These services may include:

- i. compliance, legal and business consulting;
- ii. publications and conferences on practice management and business succession; and
- iii. access to employee benefits providers, human capital consultants and insurance providers.

Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to Charles D. Hyman and Company. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to our firm. Schwab Institutional may also provide other benefits such as educational events or occasional business entertainment of our personnel. In evaluating whether to recommend or require that clients custody their assets at Schwab, we may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

## **Item 13 Review of Accounts**

### **PORTFOLIO MANAGEMENT SERVICES**

**REVIEWS:** While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, these accounts are reviewed periodically. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

These accounts are reviewed by: Charles D. Hyman or John P. Willoughby

**REPORTS:** In addition to the monthly statements and confirmations of transactions that Portfolio Management Services clients receive from their broker-dealer, Charles D. Hyman and Company will provide quarterly reports summarizing account performance, balances and holdings.

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

It is Charles D. Hyman and Company's policy not to engage solicitors or to pay related or non-related persons for referring potential clients to our firm.

It is Charles D. Hyman and Company's policy not to 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.

Charles D. Hyman and Company had received client referrals from Charles Schwab & Co., Inc. ("Schwab") through Charles D. Hyman and Company's participation in Schwab Advisor Network ("the Service"). This practice was fully terminated on June 3, 2005. The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with Charles D. Hyman and Company. Schwab does not supervise Charles D. Hyman and Company and has no responsibility for Charles D. Hyman and Company's management of clients' portfolios or Charles D. Hyman and Company's other advice or services. Charles D. Hyman and Company paid Schwab fees to receive client referrals through the Service. Charles D. Hyman and Company's participation in the Service may raise potential conflicts of interest described below.

Charles D. Hyman and Company pays Schwab a Participation Fee on all referred Clients' accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by Charles D. Hyman and Company is a percentage of the fees the client owes to Charles D. Hyman and Company or a percentage of the value of the assets in the client's account, subject to a minimum Participation Fee. Charles D. Hyman and Company pays Schwab the Participation Fee for so long as the referred client's account remains in custody at Schwab. The Participation Fee is billed to Charles D. Hyman and Company quarterly and may be increased, decreased or waived by Schwab from time to time. The Participation Fee is paid by Charles D. Hyman and Company and not by the client. Charles D. Hyman and Company has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs Charles D. Hyman and Company charges clients with similar portfolios who were not referred through the Service.

The participation and Non-Schwab Custody Fees will be based on assets in accounts of Charles D. Hyman and Company's clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, Charles D. Hyman and Company will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit Charles D. Hyman and Company's fees directly from the accounts.

For accounts of Charles D. Hyman and Company's clients maintained in custody at Schwab,



Schwab will not charge the client separately for custody but will receive compensation from Charles D. Hyman and Company's clients in the form of commissions or other transaction-related compensation on securities trades executed through Schwab. Schwab also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades executed at other broker-dealers in addition to the other broker-dealer's fees. Thus, Charles D. Hyman and Company may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer. Charles D. Hyman and Company nevertheless, acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Schwab may be executed through a different broker-dealer than trades for Charles D. Hyman and Company's other clients. Thus, trades for accounts custodied at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

## **Item 15 Custody**

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

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period. We reconcile all balances shown by the custodian to our internal records.

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

In addition to the monthly statements that clients receive directly from their custodians, we also send account statements directly to our clients on a quarterly basis with a copy of the fee to be deducted from that client's account. We urge our clients to carefully compare the information provided on these statements to ensure that all account transactions, holdings and values are correct and current.

## **Item 16 Investment Discretion**

Clients may hire us to provide discretionary asset management services, in which case we place 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 us 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**

We vote proxies for all client accounts; however, you always have the right to vote proxies yourself. You can exercise this right by instructing us in writing to not vote proxies in your account.

We will vote proxies in the best interests of its clients and in accordance with our established policies and procedures. Our firm will retain all proxy voting books and records for the requisite period of time, including a copy of each proxy statement received, a record of each vote cast, a copy of any document created by us that was material to making a decision how to vote proxies, and a copy of each written client request for information on how the adviser voted proxies. If our firm has a conflict of interest in voting a particular action, we will notify the client of the conflict and retain an independent third-party to cast a vote.

Clients may obtain a copy of our complete proxy voting policies and procedures by contacting Celeste R. Beale by telephone, email, or in writing. Clients may request, in writing, information on how proxies for his/her shares were voted. If any client requests a copy of our complete proxy policies and procedures or how we voted proxies for his/her account(s), we will promptly provide such information to the client.

We will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, we will make commercially reasonable efforts to forward such notices in a timely manner.

You can instruct us to vote proxies according to particular criteria (for example, to always vote with management, or to vote for or against a proposal to allow a so-called "poison pill" defense against a possible takeover). These requests must be made in writing. You can also instruct us on how to cast your vote in a particular proxy contest by contacting us at Charles D. Hyman and Company.

Charles D. Hyman and Company will review all proposals on a case-by-case basis. Final determination of the vote will be in the best interest of the client. In most cases Charles D. Hyman and Company will vote in favor of director's recommendations, below are reasons when this would not be the case.

### **A. Corporate governance:**

Unless exceptional circumstances exist, we will vote against proposals that make it more difficult to replace Board members.

**B. Takeover defense and related actions:**

Charles D. Hyman and Company will vote in general against proposals that make it more difficult for a Company to be taken over by outsiders, and in favor of proposals to do the opposite.

**C. Capital structure:**

Charles D. Hyman and Company will generally vote against proposals to move the company to another state less favorable to shareholders interests.

**D. Incentive Stock Award Programs:**

Charles D. Hyman and Company will vote against incentive stock awards that act to concentrate significant amounts of stock in the hands of upper management.

**E. Conflicts of Interest:**

Due to the nature of Charles D. Hyman and Company business and its small size, it is unlikely that conflicts of interest will arise in voting the proxies of public companies. If it is decided that there is a conflict that is dealt with under any of the sections above, the proxy will be voted strictly according to the guidelines set forth above. If this does not resolve the conflict of interest, then the conflict will be disclosed to the beneficial owner(s) of the account, and their consent must be obtained before the proxy is voted.

**Record of Shareholder Proxy Voting.**

Copies of all proxy votes will be available to our clients at our office. A list of all companies held as of the end of each calendar year shall be maintained in the Proxy Voting file. Charles D. Hyman and Company voting record will be available free of charge by calling 800-834-1350

**Item 18 Financial Information**

As an advisory firm that maintains discretionary authority for client accounts, we are also required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations.

Charles D. Hyman and Company has no additional financial circumstances to report.

Under no circumstances do we require or solicit payment of fees in excess of \$1200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

Charles D. Hyman and Company has not been the subject of a bankruptcy petition at any

time during the past ten years.

## **OTHER MATTERS:**

### **1. Privacy Policy Notice**

At Charles D. Hyman and Company, we are committed to protecting your personal financial information. We recognize our obligation to keep information about you secure and confidential. We are committed to your financial well being. Protecting the privacy and security of the information you share with us is included in our commitment. You trust us with your personal and financial information, and we'll honor that trust by handling your information carefully and sensibly. This Privacy Policy Notice describes how we collect and use the personal financial information of our consumers.

In this notice we refer to Non-Public Personal Information as Personal Information.

### **What Information We Collect**

We collect personal information in order to conduct business and deliver service in the following way:

- The information we collect in order to complete a form or an application is your name, address, social security number, assets, income needs and investment objectives.
- The information that we collect about your transactions in order to manage your account includes balances, positions and history.

### **What Information We Disclose**

- We do not disclose any financial information about you to anyone, except as required by law.
- We will always honor our Privacy Policy even if you decide to terminate our relationship.
- We will not sell your personal information to anyone.

We restrict access to your financial information to those employees who need to use it for business purposes only. We train our employees to safeguard all information. We maintain physical, electronic, and procedural safeguards that comply with federal standards to guard your personal information.

If you have any questions or concerns about our privacy practices or the way your information will be maintained and used please call us at (904) 543-0360 or toll free (800) 834-1350.

### **2. Trade Error Policy**

From time to time Charles D. Hyman and Company may make an error in submitting a trade order on your behalf. When this occurs, Charles D. Hyman and Company may place a correcting trade with the broker-dealer which has custody of your account. If an investment gain results from the correcting trade, the gain will remain in your account unless the same error involved other client account (s) that should have received the gain, it is not permissible

for you to retain the gain, or we can confer with you and you decide to forgo the gain (e.g., due to tax reasons). If the gain does not remain in your account and Charles Schwab is the custodian, Schwab will donate the amount of any gain \$100 and over to charity. If a loss occurs greater than \$100, Charles D. Hyman and Company will pay for the loss. Schwab will maintain the loss or gain (if such gain is not retained in your account) if it is under \$100 to minimize and offset its administrative time and expense. Generally, if related trade errors result in both gains and losses in your account, they may be netted.

Should Schwab not be the custodian, Charles D. Hyman and Company will adhere to the respective custodian trade error policies.