

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

**Item 1 – Cover Page**

**Gurun Investment Advisors, Inc.  
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This Brochure provides information about the qualifications and business practices of Gurun Investment Advisors, Inc. If you have any questions about the contents of this Brochure, please contact us at (214) 691-4451 or [guruninc@flash.net](mailto:guruninc@flash.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.

Gurun Investment Advisors, Inc. is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information with which you determine to hire or retain an Adviser.

Additional information about Gurun Investment Advisors, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Date of Brochure: February 10, 2012

## **Item 2 – Material Changes**

The following are material changes in the Firm's business since our last published Brochure dated March 31, 2011.

### **Item 12 – Brokerage Practices**

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

Disclosures were added for the Firm's participation in TD Ameritrade's Institutional program.

We will provide information about our qualifications and business practices to clients through an updated Form ADV Part 2A Brochure at least annually by June 30<sup>th</sup> of each year.

We will further provide you with an updated Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting John Gurun the Principal Officer at (214) 691-4451 or [guruninc@flash.net](mailto:guruninc@flash.net). Our Brochure is also available on our website [www.guruninvestments.com](http://www.guruninvestments.com), free of charge.

Additional information about Gurun Investment Advisors, Inc. is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with Gurun Investment Advisors, Inc. who are registered, or are required to be registered, as investment adviser representatives of Gurun Investment Advisors, Inc.

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#### **Item 4 – Advisory Business**

Gurun Investment Advisors, Inc. is located in Dallas, Texas and has been providing investment management services for over 25 years. The Firm's principal owner is John J. Gurun who owns 100% of the issued common stock.

The Firm seeks wealth accumulation for clients by constructing investment portfolios that provide income and the potential for capital appreciation. Each client's portfolio is designed to assist individuals achieve their long-term financial objectives consistent with their circumstances, preferences and risk tolerance levels. Clients may impose restrictions on investing in certain securities or types of securities.

Client assets are managed on a discretionary basis. As of December 31, 2011, the total Firm managed account assets were approximately \$109,589,095 representing 78 relationships (173 accounts).

The Firm does not offer nor participate in wrap fee programs.

The Firm does not offer tax and legal advice to clients. Clients are encouraged to consult with their accountants and attorneys on the matters.

#### **Item 5 – Fees and Compensation**

The Firm's compensation is based on total assets under management:

The maximum annual fee for common stocks is 1.00%. The maximum annual fee for fixed income obligations is 0.50%. The minimum annual fee is \$5,000.

All fees are subject to negotiation. The specific manner in which fees are charged by Gurun Investment Advisors, Inc. is established in a client's written agreement with Gurun Investment Advisors, Inc. Fees are billed quarterly in arrears based on a percentage of the account's total market value on the last business day of each calendar quarter.

The fees are generally deducted from the client's account as authorized in writing by each client. Clients may also directly make payment.

The Firm does not receive any additional compensation for its investment management activities other than its investment management fees. It may receive, as a broker dealer, 12b-1 service fees for open end mutual funds held in an account.

Gurun Investment Advisors' fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

Mutual funds and exchange-traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to Gurun Investment Advisors' fee.

When Gurun Investment Advisors, Inc. acts as the designated broker-dealer, the per transaction charges are \$10.00 for stock and \$20.00 for fixed income obligations. These charges generally equate to the clearing costs for the transactions and are non-negotiable. In the Firm's opinion, the modest amount of commissions does not impair the client's investment performance.

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

Gurun Investment Advisors, Inc. does not charge performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

#### **Item 7 – Types of Clients**

Gurun Investment Advisors, Inc. provides portfolio management services to individuals and individual retirement plans.

The Firm does not have a minimum account size.

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

Gurun Investment Advisors, Inc. constructs equity, fixed income and balanced portfolios that reflect the long-term investment objectives and risk tolerances of each individual client.

Generally, the Firm's primary investment objectives are preservation of principal and accumulation of wealth (through capital appreciation and income generation). The Firm strives to achieve these objectives by adhering to three investment disciplines: 1) defining a suitable asset allocation between common stocks and fixed income obligations; 2) restricting our investments to established, high quality issues; and 3) employing tactical allocation to take advantage of temporary pricing anomalies.

The Firm's source of information include financial newspapers and magazines, research material prepared by other firms, rating services, annual reports, regulatory filings with the Securities and Exchange Commission, company press releases and regulatory information provided by issuers to the Municipal Securities Rulemaking Board's EMMA electronic system.

For investment management purposes, the time horizon for common stock investments is greater than five years. Since capital values fluctuate, the possibility of principal loss does exist. Therefore, the Firm recommends that clients be prudent in their financial commitments so their investment programs are suitable for their situation and temperament.

The Firm's investment approach does not involve frequent trading of securities.

The type of securities selected by the Firm in managing client assets on a discretionary basis do not pose unusual risks.

## **Item 9 – Disciplinary Information**

Neither Gurun Investment Advisors, Inc., nor its supervised person, John J. Gurun, have ever been the subject of complaints or been involved in any disciplinary proceedings since inception of the Firm.

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

Gurun Investment Advisors, Inc. is registered as an introducing broker-dealer. The Firm's supervised person, John J. Gurun, is registered as a Series 7 General Securities Representative, Series 24 General Securities Principal, Series 53 Municipal Bond Principal and Series 4 Options Principal.

Neither the Firm nor John J. Gurun are registered or have an application pending related to commodities.

Gurun Investment Advisors, Inc. is a registered broker-dealer and John J. Gurun is a registered representative and principal of the Firm. There is no conflict of interest related to these registrations.

The Firm does not recommend or select other investment advisers.

## **Item 11 – Code of Ethics**

Gurun Investment Advisors, Inc. has adopted a Code of Ethics that sets forth a standard of business conduct required of all supervised employees. The Code recognizes the Firm's fiduciary responsibility to its clients and required compliance with securities laws.

The Firm has adopted the Code of Ethics and Standards of Professional Conduct of the CFA Institute.

All supervised persons at Gurun Investment Advisors, Inc. must acknowledge the terms of the Code of Ethics in writing annually, or as amended.

The Firm and its employees may purchase and sell the same securities which clients may own. The Firm's Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Gurun Investment Advisors, Inc. will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions. Additionally, no transaction is of sufficient quantity to affect the bid or ask price or net asset value and therefore disadvantage a client.

Neither the Firm nor its supervised person, John J. Gurun, has a material financial interest in any security.

Gurun Investment Advisors, Inc. has a fiduciary duty to its clients. The Firm's Code of Ethics involves the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things.

Gurun Investment Advisors' clients or prospective clients may request a copy of the Firm's Code of Ethics by contacting the Firm's office.

## **Item 12 - Brokerage Practices**

The Firm manages client accounts utilizing broker-dealers selected by the client. If the client does not express a broker-dealer preference, Gurun Investment Advisors, Inc. will discuss the Firm's relationship with TD Ameritrade and may recommend TD Ameritrade to clients for custody and brokerage services.

Gurun Investment Advisors, Inc. participates in the institutional advisor program (the "Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., ("TD Ameritrade"), member FINRA/SIPC/NFA an independent and unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, and clearance and settlement of transactions. The Firm receives some benefits from TD Ameritrade through participation in the Program. (Please see the disclosure under Item 14 below).

Currently, Gurun Investment Advisors, Inc. also uses Southwest Securities, Inc., Fidelity Brokerage Services, Charles Schwab & Company, and GAIN Securities to act as an executing broker-dealer and custodian of client assets.

The Firm has no soft dollar arrangements, does not receive any products or services with brokerage commissions and has no research-based incentives in the broker-dealer selection. Additionally, the Firm does not direct nor route any client orders nor does it permit clients to direct or route any orders. All client transactions receive best execution.

The Firm has the ability to utilize an average price account but it does not normally employ the account as the securities it purchases and sells are large capitalized and actively traded and; therefore, the average price offers no price benefit over individual transactions.

## **Item 13 – Review of Accounts**

John J. Gurun, President and Chief Investment Officer, and David P. Gurun, Vice President and Portfolio Manager conduct client account reviews at least quarterly. The reviews can include an analysis of suitability, asset allocation, diversification, cash flow requirements, change in account values and the credit quality of the underlying portfolio holdings.

Accounts are reviewed more frequently than quarterly if there are changes in a client's objectives or financial situation, macroeconomic developments, and / or any unusual activity in the securities held by client accounts.

Monthly or quarterly statements are provided by the custodian of the account directly to the client.

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

As disclosed under Item 12. above, Gurun Investment Advisors, Inc. participates in TD Ameritrade's institutional customer program and the Firm may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between the Firm's participation in the program and the investment advice given to clients, although the Firm receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving our participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees; and discounts on compliance, marketing, research, technology, and practice management products or services provided to the Firm by third party vendors.

Some of the products and services made available by TD Ameritrade through the program may benefit the Firm but may not directly benefit the client accounts. These products or services may assist us in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help the Firm manage and further develop its business enterprise. The benefits received by Gurun Investment Advisors, Inc. or the Firm's personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duties to clients, the Firm endeavors at all times to put the interests of the clients first. Clients should be aware, however, that the receipt of economic benefits by the Firm or related persons in and of itself creates a potential conflict of interest and may indirectly influence the Gurun Investment Advisors, Inc. choice of TD Ameritrade for custody and brokerage services.

Gurun Investment Advisors, Inc. may receive client referrals from TD Ameritrade through its participation in TD Ameritrade AdvisorDirect. In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, the Firm may have been selected to participate in AdvisorDirect based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with Gurun Investment Advisors, Inc. and there is no employee or agency relationship between the two entities. TD Ameritrade has established AdvisorDirect as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. TD Ameritrade does not supervise Gurun Investment Advisors, Inc. and has no responsibility for the Firm's management of client portfolios or the Firm's other advice or services. The Firm pays TD Ameritrade an on-going fee for each successful client referral. This fee is usually a percentage (not to exceed 25%) of the advisory fee that the client pays to Gurun investment Advisors, Inc. ("Solicitation Fee"). The Firm will also pay TD Ameritrade the Solicitation Fee on any advisory fees received from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hired Gurun Investment Advisors, Inc. on the recommendation of such referred client. The Firm will not charge clients referred through AdvisorDirect any fees or costs higher than its



standard fee schedule offered to clients or otherwise pass Solicitation Fees paid to TD Ameritrade to its clients. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade AdvisorDirect Disclosure and Acknowledgement Form.

Gurun Investment Advisors, Inc.'s participation in AdvisorDirect raises potential conflicts of interest. TD Ameritrade will most likely refer clients through AdvisorDirect to investment advisors that encourage their clients to custody their assets at TD Ameritrade and whose client accounts are profitable to TD Ameritrade. Consequently, in order to obtain client referrals from TD Ameritrade, Gurun Investment Advisors, Inc. may have an incentive to recommend to clients that the assets under management by the Firm be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. In addition, the Firm has agreed not to solicit clients referred through AdvisorDirect to transfer their accounts from TD Ameritrade or establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. The Firm's participation in AdvisorDirect does not diminish our duty to seek best execution of trades for client accounts.

### **Item 15 – Custody**

The Firm does not hold any client assets. All assets are held by a qualified custodian.

Clients receive at least quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains clients' investment assets. Gurun Investment Advisors, Inc. urges clients to carefully review such statements and compare such official custodial records to the reports that are provided by the Firm. The Firm's reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

### **Item 16 – Investment Discretion**

Gurun Investment Advisors, Inc. usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

Discretionary authority is provided in the Investment Advisory Agreement executed in writing by the client. Discretion is in the form of limited trading authorization pertaining to securities to be purchased and sold and the amount of securities to be purchased or sold.

### **Item 17 – Voting Client Securities**

As a matter of firm policy and practice, Gurun Investment Advisors, Inc. does not vote proxies on behalf of advisory clients. Proxies are delivered directly to the client by the custodian and the client retains the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios.

When requested by the client, the Firm may provide advice regarding the clients' voting of proxies.

## **Item 18 – Financial Information**

The Firm does not require or solicit prepayment of its management fees in advance. The Firm invoices investment management fees quarterly in arrears, after the fees have been earned.

Gurun Investment Advisors, Inc. has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

## **Item 19 – Requirements for State-Registered Advisers**

Gurun Investment Advisors, Inc. is not a State - Registered Investment Advisor but it provides the following in lieu of FORM ADV II B supplement for its supervised and management officers.

Gurun Investment Advisors, Inc.'s officers and supervised & management persons, are John J. Gurun-President and David P. Gurun-Vice President.

### John J. Gurun

Birth Date: 4/10/1931

Education:

Undergraduate: Norwich University - 1955

Graduate: Syracuse University - 1958

Securities Licenses: Series 63, Series 7, Series 4, Series 16, Series 27, Series 24, and Series 53

Experience:

1986 to Present

President and Chief Executive Officer of Gurun Investment Advisors, Inc.

### David P. Gurun

Birth Date: 8/27/1958

Education:

Undergraduate: Baylor University - 1981

Securities Licenses: Series 63 and Series 7

Experience:

1995 to Present

Vice President Gurun Investment Advisors, Inc.

As determined by FINRA, John J. Gurun supervises David P. Gurun and David P. Gurun supervises John J. Gurun in relation to all broker-dealer and investment management activities.

Neither Gurun Investment Advisors, Inc. nor any supervised and management person is compensated for advisory services with performance-based fees.

Neither Gurun Investment Advisors, Inc. nor any supervised and management person has been the subject of a bankruptcy petition or any other disclosure event during the past 10 years.

There are no disclosure events that any client or prospective client should consider to determine engaging the Firm for investment management services.

Neither Gurun Investment Advisors, Inc. nor any supervised and management person have any relationship with any issuer of securities.