



**Investment Advisory Services of Arvest Asset Management**  
Form ADV, Part 2A, Appendix 1

**Wrap Fee Program Brochure  
of the  
Investment Management Group**

**March 2012**

This wrap fee program brochure provides information about the qualifications and business practices of Arvest Asset Management, an investment adviser registered with the SEC (#801 – 63738). If you have questions about the contents of this brochure, please contact us at (479) 770-1839 or any branch office. 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 Arvest Asset Management also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Arvest Asset Management is the trade name used by Arvest Investments, Inc., a registered broker-dealer, member FINRA/SIPC and a subsidiary of Arvest Bank.

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## **Item 2 – Material Changes**

This Wrap Fee Program Brochure has been revised to conform to the Rules of the Securities and Exchange Commission (SEC) which were issued in 2010. This revision includes new Wrap Fee Programs offered by AAM's Investment Management Group, since our last revision in June 2011.

These new programs are a Taxable Income model added to the Strategic ETF Models. See page 10 for more detail.

Our Managed Equity Portfolio has been re-named the IMG Managed Core Equity Portfolio and we have added an IMG Strategic Equity Portfolio. Information about the new portfolio is included in this Brochure on Page 6.

We also have revised our Wrap Fee Program Brochure to state that we do not pay referral fees to independent persons or firms for introducing clients to us.

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**ITEM 4 – SERVICES, FEES AND COMPENSATION**

<b>Managed Core Equity Portfolio, Managed Strategic Equity Portfolio Fee Schedule</b>		
	<b>Maximum Fee</b>	<b>Minimum Fee</b>
<b>First \$250,000</b>	<b>2.5%</b>	<b>1.35%</b>
<b>Next \$750,000</b>	<b>2.0%</b>	<b>1.20%</b>
<b>Over \$1,000,000</b>	<b>1.5%</b>	<b>1.00%</b>
Fees shown in the above schedule include the total fee charged the Client, including portfolio manager fees and all fees for portfolio execution and administrative services charged by the clearing broker. Contact your adviser for a breakdown of these fees specific to your account		

<b>Managed Credit Fixed Income, Managed Diversified Bond, and Managed Municipal Bond Portfolio(s) Fee Schedule</b>		
	<b>Maximum Fee</b>	<b>Minimum Fee</b>
<b>First \$500,000</b>	<b>1.75%</b>	<b>1.00%</b>
<b>Next \$500,000</b>	<b>1.25%</b>	<b>.85%</b>
<b>Next \$1,000,000</b>	<b>1.0%</b>	<b>.75%</b>
<b>Over \$2,000,000</b>	<b>Negotiable</b>	<b>Negotiable</b>
Fees shown in the above schedule include the total fee charged the Client, including portfolio manager fees and all fees for portfolio execution and administrative services charged by the clearing broker. Contact your adviser for a breakdown of these fees specific to your account		

<b>Managed Strategic ETF Portfolio</b>		
	<b>Maximum Fee</b>	<b>Minimum Fee</b>
<b>\$50,000 - \$250,000</b>	<b>2.5%</b>	<b>1.25%</b>
<b>\$250,001 - \$1,000,000</b>	<b>2.0%</b>	<b>1.15%</b>
<b>Over \$1,000,000</b>	<b>1.5%</b>	<b>1.05%</b>
Fees shown in the above schedule include the total fee charged the Client, including portfolio manager fees and all fees for portfolio execution and administrative services charged by the custodian. Contact your advisor for a breakdown of these fees specific to your account.		

<b>Managed ETF Portfolio</b>		
	<b>Maximum Fee</b>	<b>Minimum Fee</b>
<b>\$50,000 - \$250,000</b>	<b>2.5%</b>	<b>1.35%</b>
<b>\$250,001 - \$1,000,000</b>	<b>2.0%</b>	<b>1.20%</b>
<b>Over \$1,000,000</b>	<b>1.5%</b>	<b>1.10%</b>
Fees shown in the above schedule include the total fee charged the Client, including portfolio manager fees and all fees for portfolio execution and administrative services		

**charged by the custodian. Contact your advisor for a breakdown of these fees specific to your account.**

## **IMG MANAGED CORE EQUITY PORTFOLIO**

The IMG Managed Core Equity Portfolio is managed by Portfolio Managers from AAM's Investment Management Group.

Although the investment philosophy and style of investing in this Account is similar to that of ATC's equity common trust fund, IMG makes no representation that the past performance of ATC's equity common trust fund will guarantee the future performance results of the IMG Managed Core Equity Account.

The potential client's investment advisory needs, as well as other objectives and risk tolerances, are first reviewed with a Client Advisor and/or Portfolio Manager. If the Managed Core Equity Portfolio is determined to be suitable for the client and consistent with their investment goals and risk tolerance, the Client will open an IMG Account with Arvest Asset Management.

Our equity common trust fund investment philosophy is built around four key characteristics:

- **Quality** – We consider quality securities to be those of established entities with proven track records, where it is reasonable to believe that our minimum goal of capital preservation will be met.
- **Value** – We consider value to be those securities where we believe the security is attractively priced relative to our analysis of future prospects.
- **Long-Term Approach** – We are not short-term market timers. Our goal is to construct portfolios that will perform favorably over the long haul.
- **Diversification** – Portfolios will be well diversified by both issuer and industry. We believe that this is a crucial element of risk management.

Through the combination of these key characteristics, we are able to construct and manage conservative, high-quality portfolios that deliver competitive total returns and meet the objectives of our clients.

We are value-oriented and focused on consistent, long-term performance. In order to accomplish these objectives, we attempt to manage a portfolio of equities that emphasizes the following characteristics:

- Good current dividends and strong potential for dividend growth.
- Fundamentally sound stocks out of favor with investors at large.

- Stocks selling at a lower than market Price-to-Earnings ratio.

Rather than attempting to “time” short-term market swings, we seek to identify high-quality stocks that possess long-term value. Our ultimate goal is to manage a portfolio of stocks provides a low degree of volatility and downside risk, while producing an attractive total return (income plus capital appreciation) on a consistent basis.

Certain equity sub-classes (i.e. International, Emerging Markets, Small-Cap) may be utilized from time to time through the use of mutual funds and exchange-traded funds. As well, from time to time a portion of the portfolio may be held in money market funds.

## **IMG MANAGED STRATEGIC EQUITY PORTFOLIO**

The IMG Managed Strategic Equity Portfolio is managed by Portfolio Managers from AAM’s Investment Management Group.

The IMG Managed Strategic Equity Portfolio will utilize portions of the strategy employed by ATC’s equity common trust fund, in combination with equity mutual funds and exchange-traded funds. Although the investment philosophy and style of investing in this Account is similar to that of ATC’s equity common trust fund, IMG makes no representation that the past performance of ATC’s equity common trust fund will guarantee the future performance results of the IMG Managed Strategic Equity Account.

The potential client’s investment advisory needs, as well as other objectives and risk tolerances, are first reviewed with a Client Advisor and/or Portfolio Manager. If the Managed Strategic Equity Portfolio is determined to be suitable for the client and consistent with their investment goals and risk tolerance, the Client will open an IMG Account with Arvest Asset Management.

Our equity common trust fund investment philosophy is built around four key characteristics:

- **Quality** – We consider quality securities to be those of established entities with proven track records, where it is reasonable to believe that our minimum goal of capital preservation will be met.
- **Value** – We consider value to be those securities where we believe the security is attractively priced relative to our analysis of future prospects.
- **Long-Term Approach** – We are not short-term market timers. Our goals is to construct portfolios that will perform favorably over the long haul.
- **Diversification** – Portfolios will be well diversified by both issuer and industry. We believe that this is a crucial element of risk management.

Through the combination of these key characteristics, we are able to construct and manage conservative, high-quality portfolios that deliver competitive total returns and meet the objectives of our clients.

We are value-oriented and focused on consistent, long-term performance. In order to accomplish these objectives, we attempt to manage a portfolio of equities that emphasizes the following characteristics:

- Good current dividends and strong potential for dividend growth.
- Fundamentally sound stocks out of favor with investors at large.
- Stocks selling at a lower than market Price-to-Earnings ratio.

Rather than attempting to “time” short-term market swings, we seek to identify high-quality stocks that possess long-term value. Our ultimate goal is to manage a portfolio of stocks provides a low degree of volatility and downside risk, while producing an attractive total return (income plus capital appreciation) on a consistent basis.

Certain equity sub-classes (i.e. International, Emerging Markets, Small-Cap) may be utilized from time to time through the use of mutual funds and exchange-traded funds. As well, from time to time a portion of the portfolio may be held in money market funds.

### **IMG MANAGED CREDIT FIXED INCOME PORTFOLIO**

The IMG Managed Credit Fixed Income Portfolio is managed by portfolio managers from AAM’s Investment Management Group.

The IMG Managed Fixed Income Credit Portfolio will utilize portions of the strategy employed by the ATC’s ABG Bond common trust fund, but much heavier emphasis and allocation will be placed upon the corporate bond and commercial mortgage-backed security sector strategy, and little to no emphasis or allocation upon the government bond sector strategy. Thus, results are very likely to be substantially different from the ATC’s Bond common trust fund, and risk/volatility likely to be significantly greater.

The potential Client’s investment advisory needs, as well as other objectives and risk tolerances, are first reviewed with a Client Advisor and/or Portfolio Manager. If the Managed Credit Fixed Income Portfolio is determined to be suitable for the client and consistent with their investment goals and risk tolerance, the Client will open an account with AAM through our clearing agent.

The Managed Credit Fixed Income Portfolio is a 100% fixed income portfolio. The investment philosophy and purchase process is as follows:

Our account goal is to maximize the cash yield (primarily) and total return (secondarily) of each account, consistent with maintaining an overall investment-grade credit quality. We accomplish this via the following:

- **Upfront and ongoing credit monitoring.** We scrutinize the credits we purchase in order to avoid placing our clients in positions that are likely to deteriorate materially in quality. Our ongoing analysis of quarterly company filings, rating agency pronouncements and news flow allows us to quickly react to deteriorating fundamentals.
- **Relative value analysis.** We continually monitor both current and historical yield relationships between various sectors of the bond market in order to position our clients in the most attractive areas.

- **Managing interest rate risk.** We monitor the duration and maturity structure of our portfolios, in order to maintain an acceptable degree of interest rate risk, and position client portfolios into the most attractive portions of the yield curve.
- **Trading.** We utilize the services of number of bond dealers around the country in order to obtain the best prices for our clients. Secondary market trades are shopped competitively, in order to ensure best execution.

Clients should fully understand the risks that accompany an investment in corporate bonds and commercial mortgage-backed securities. They are:

- **Default risk**
- **Risk of impaired credit quality**
- **Liquidity risk**
- **Risks in the commercial real estate market**
- **Inflation risk**

Clients should contact their Client Adviser and/or an IMG Portfolio Manager, if they have any questions or concerns regarding any of these risks.

## **IMG MANAGED DIVERSIFIED BOND PORTFOLIO**

The IMG Managed Diversified Bond Portfolio is managed by portfolio managers from AAM's Investment Management Group.

The IMG Managed Diversified Bond Portfolio will utilize a strategy somewhat similar to that employed by the ATC's ABG Bond common trust fund. The portfolio will be broadly diversified among various fixed income sectors, including U.S. treasury securities, U.S. agency securities, residential mortgage-backed securities, investment-grade corporate bonds, municipal bonds, commercial mortgage-backed securities, asset-backed securities, etc.

The potential Client's investment advisory needs, as well as other objectives and risk tolerances, are first reviewed with a Client Advisor and/or Portfolio Manager. If the IMG Managed Diversified Bond Portfolio is determined to be suitable for the client and consistent with their investment goals and risk tolerance, the Client will open an account with AAM through our clearing agent.

The IMG Managed Diversified Bond Portfolio is a 100% fixed income portfolio. The investment philosophy and purchase process is as follows:

- **Upfront and ongoing credit monitoring.** We scrutinize the credits we purchase in order to avoid placing our clients in positions that are likely to deteriorate materially in quality. Our ongoing analysis of quarterly company filings, rating agency pronouncements and news flow allows us to quickly react to deteriorating fundamentals.
- **Relative value analysis.** We continually monitor both current and historical yield relationships between various sectors of the bond market in order to position our clients in the most attractive areas.



- **Managing interest rate risk.** We monitor the duration and maturity structure of our portfolios, in order to maintain an acceptable degree of interest rate risk, and position client portfolios into the most attractive portions of the yield curve.
- **Trading.** We utilize the services of number of bond dealers around the country in order to obtain the best prices for our clients. Secondary market trades are shopped competitively, in order to ensure best execution.

Clients should fully understand the risks that accompany an investment in corporate bonds, municipal bonds, asset-backed securities, residential mortgage-backed securities and commercial mortgage backed securities. They are:

- Default Risk
- Risk of impaired credit quality
- Liquidity risk
- Risks in the residential or commercial real estate market
- Inflation risk

Clients should contact their Client Adviser, if they have any questions or concerns regarding any of these risks.

## **IMG MANAGED MUNICIPAL BOND PORTFOLIO**

The IMG Managed Municipal Bond Portfolio is managed by portfolio managers from AAM's Investment Management Group.

The IMG Managed Municipal Bond Portfolio will utilize a strategy somewhat similar to that employed by the ATC's ABG Municipal Bond common trust fund, but may place a somewhat heavier emphasis on bonds issued within the client's state of residence. The Portfolio will be invested predominantly in securities which produce income that is exempt from federal income taxes (except under extraordinary circumstances).

The potential Client's investment advisory needs, as well as other objectives and risk tolerances, are first reviewed with a Client Advisor and/or Portfolio Manager. If the IMG Managed Municipal Bond Portfolio is determined to be suitable for the client and consistent with their investment goals and risk tolerance, the Client will open an account with AAM through our clearing agent.

The IMG Managed Municipal Bond Portfolio is a 100% fixed income portfolio. The investment philosophy and purchase process is as follows:

Our account goal is to maximize the after-tax cash yield (primarily) and total return (secondarily) of each account, consistent with maintaining an overall investment-grade credit quality. We accomplish this via the following:

- **Upfront and ongoing credit monitoring.** We scrutinize the credits we purchase in order to avoid placing our clients in positions that are likely to deteriorate materially in quality. Our ongoing analysis of comprehensive annual financial reports, ratings agency pronouncements and news flow allows us to quickly react to deteriorating fundamentals.

- **Relatively value analysis.** We continually monitor both current and historical yield relationships between various sectors of the municipal bond market in order to position our clients in the most attractive areas.
- **Managing interest rate risk.** We monitor the duration and maturity structure of our portfolios, in order to maintain an acceptable degree of interest rate risk, and position client portfolios into the most attractive portions of the yield curve.
- **Trading.** We utilize the services of a number of bond dealers around the country in order to obtain the best prices for our clients.

Clients should fully understand the risks that accompany an investment in municipal bonds. They are:

- Default risk
- Risk of impaired credit quality
- Liquidity risk
- Inflation risk

Client should contact their Client Adviser, if they have any questions or concerns regarding any of these risks.

## **IMG STRATEGIC ETF MODELS**

IMG Strategic ETF models are managed by a team of portfolio managers from AAM's Investment Management Group. IMG Strategic ETF models provide diversified portfolio solutions to meet defined risk tolerance objectives. There are ten strategic ETF models available. Models offered include:

Taxable Income, Conservative Income, Moderate Income, Long Term Income, Conservative Growth & Income, Moderate Growth & Income, Long Term Growth & Income, Conservative Growth, Moderate Growth and Long Term Growth.

Each model is designed around a targeted strategic asset allocation. The following asset classes can be included in the models: cash and cash alternatives, fixed income, alternative income, commodities, domestic and international equity securities. The strategic asset allocation targets provide the long-term strategic guideline. However, the models may be adjusted over time based on new research, analysis or market developments.

The strategic ETF models have been created so that the Taxable Income model could be expected to have the lowest investment risk and lowest potential average return, based upon historical average risk levels for these asset classes. The models with greater equity allocations could be expected to have higher risk and higher potential average return over time versus lower risk based models that have more cash and bonds.

## **IMG ADAPTIVE ETF MODEL**

IMG Adaptive ETF model is managed by a team of portfolio managers from AAM's Investment Management Group. The IMG Adaptive ETF model is an absolute return strategy. The

defensive strategy is focused on avoiding large losses during the big declines in the market and participating in as much of the gains as possible when the markets are rising and are favorable. The model uses technical indicators to avoid the worst performing asset classes and invests in the top two asset classes.

This investment style involves a portfolio strategy of overweighting or concentrating in certain asset classes in order to take advantage of strong market momentum in those asset classes, style, or sectors which are favorable. IMG's Adaptive ETF model may underperform during choppy markets that lack leadership or when leadership changes in the market.

The following asset classes can be included in the model: cash and cash alternatives, fixed income, alternative income, commodities, currencies, domestic and international equity securities.

## **ITEM 5 – ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS**

### Account Requirements

The minimum initial account values for the Programs in this document are listed below. Under certain circumstances, the minimum account size may be waived. Refer to the chart below, to determine the IMG minimum account sizes permitted.

IMG Managed Core Equity Portfolio	\$100,000
IMG Managed Strategic Equity Portfolio	\$200,000
Managed Credit Fixed Income Portfolio	\$200,000
Managed Diversified Bond Portfolio	\$500,000
Managed Municipal Bond Portfolio	\$500,000
IMG Strategic ETF Model	\$50,000
IMG Adaptive ETF Model	\$50,000

### Types of Clients

Arvest Asset Management provides the advisory services described in this brochure to individuals, pension or profit sharing plans, trust, or charitable organizations, corporations or other business entities.

## **ITEM 6 – PORTFOLIO MANAGER SELECTION AND EVALUATION**

All portfolio managers are associates of Arvest Asset Management. As a minimum criterion for serving as an AAM portfolio manager, we require a college degree or satisfactory past business experience in the area in which the associate is employed, plus the required industry examinations and registrations, if any. All associates have annual written performance appraisals.

## **ITEM 7 – CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS**

You must complete an Account Profile with the assistance of your Client Adviser. The Account Profile outlines your investment objectives, financial circumstances, risk tolerance and any restrictions you may wish to impose on your investment activities. We will notify you in writing at least annually to update your Account Profile and indicate if there have been any changes in your financial situation, investment objectives or instructions. You agree to inform us in writing of any material change in your financial circumstances that might affect the manner in which your assets should be invested. Your Client Adviser will be reasonably available to you for consultation on these matters, and will act on any changes in your Profile deemed to be material or appropriate as soon as practical after we become aware of the change.

## **ITEM 8 – CLIENT CONTACT WITH PORTFOLIO MANAGERS**

Your contact for information and consultation regarding your IMG program accounts is your Client Adviser. In certain instances, your Client Adviser may coordinate a response with the Portfolio Manager (if applicable) or arrange for you to consult directly with the Portfolio Manager.

## **ITEM 9 – ADDITIONAL INFORMATION**

### **A. Disciplinary Information and other Financial Industry Activities and Affiliations.**

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

Arvest Investments, Inc. doing business as **Arvest Asset Management** is an investment adviser registered with the Securities and Exchange Commission (SEC). Arvest is also registered as a general securities Broker/Dealer with the Financial Industry Regulatory Authority (FINRA) and various state regulatory agencies.

Arvest Investments, Inc. is also affiliated with Arvest Insurance, Inc., an Arkansas insurance agency, offering life and health insurance products, and Arvest Trust Company, N.A., a separately chartered national bank, offering trust services and professional investment management.

All are wholly owned by Arvest Bank, except Arvest Trust Company, N.A., which is a subsidiary of Arvest Bank Group, Inc.

Arvest's Client Advisors are licensed as general securities brokers, insurance agents, and registered investment advisors. Arvest's Client Advisors may recommend that clients purchase insurance products through Arvest Insurance, Inc., or trust services through Arvest Trust Company, N.A.; however, clients are under no obligation to purchase products or services through an affiliated financial services company.

### **B. Code of Ethics, Review of Accounts, Client Referrals and Other Compensation**

*Code of Ethics:* 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.

Arvest Asset Management 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.

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.

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, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

*Review of Accounts:* While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, these accounts are reviewed at least annually in writing. 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 the Client Advisor-Investment Specialist who is assigned the account.

Our clearing broker provides statements at least quarterly and confirmations of transactions that include periodic reports summarizing account performance, balances and holdings.

*Referrals:* Our firm does not pay referral fees to independent persons or firms ("Solicitors") for introducing clients to us.

It is Arvest Asset Management'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.

We may pay Arvest Bank associates a nominal one-time cash award of no more than \$25, for a qualified referral to a licensed Client Adviser, which is not dependent upon a sale being made.

*Financial information:* Arvest Asset Management 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. Theefore, we are not required to include a financial statement.

Arvest Asset Management has not been the subject of a bankruptcy petition at any time during the past ten years.