

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

**Lytle Investments**

101 Lang Boulevard  
Grand Island, NY 14072

(877) 425-4463 x204

[marie@lytleinvestments.com](mailto:marie@lytleinvestments.com)

[www.lytleinvestments.com](http://www.lytleinvestments.com)

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This brochure provides information about the qualifications and business practices of Lytle Investments. If you have any questions about the contents of this brochure, please contact us at (877) 425-4463 x204 or [marie@lytleinvestments.com](mailto:marie@lytleinvestments.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 Lytle Investments 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 108109.

## **Item 2    Material Changes**

Since our last annual amendment dated March 29, 2011 we have made the following material changes to our Part 2A:

1. Clients who have accounts with TD Ameritrade Institutional may now purchase exchange-traded funds (ETFs), stocks or bonds. These accounts were previously limited to mutual funds.
2. Clients who have accounts with TD Ameritrade Trust Company may now purchase ETFs. These accounts were previously limited to mutual funds.

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## **Item 4     Advisory Business**

Lytle Investments is an independent investment advisory firm with its principal place of business located in New York. We began conducting business in 1985.

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

Thomas A. Lytle, President

Paul D. Lytle, Vice President

### **INVESTMENT ADVISORY SERVICES INDIVIDUAL PORTFOLIO MANAGEMENT**

Lytle Investments is an SEC Registered Investment Adviser and manages, as of 12/31/11, \$41,583,732 of assets on a discretionary basis and \$30,533,703 on a non-discretionary basis.

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

We manage these advisory accounts on a discretionary or non-discretionary basis which will be specified in your Advisory Agreement. Account supervision is guided by your individual needs, stated goals and objectives, as well as tax considerations. Additionally, you have the opportunity to place reasonable restrictions on the types of investments to be held in your portfolio.

You may choose to have your account opened at Royal Alliance Associates, Inc. ("Royal Alliance"), TD Ameritrade Institutional or TD Ameritrade Trust Company. Your decision may be based, in part, on the type of account you want to open, the type of assets you would like in your portfolio and the amount of trading expected in your account. Following is a description of the programs offered through these institutions:

#### **Royal Alliance "RASA 044" Accounts**

We offer these accounts as a non-commissionable advisory account where we can purchase mutual funds (load waived and no-load), exchange-traded funds (ETFs), stocks and bonds for you.

#### **TD Ameritrade Institutional Accounts**

We offer these accounts as a non-commissionable advisory account where we can purchase mutual funds (load waived and no-load), ETFs, stocks and bonds for you.

## TD Ameritrade Trust Company

We offer these accounts only for certain qualified defined contribution plans and defined benefit retirement plans as a non-commissionable advisory account where we can purchase mutual funds (load waived and no-load) and ETFs. The advice we provide for these accounts is limited to mutual funds and ETFs.

### **PENSION CONSULTING SERVICES**

We also provide retirement consulting services to employee benefit plans and their fiduciaries. We do not render legal, tax or accounting advice or prepare legal documents for our clients. Consulting services will consist of general or specific advice, and may include any or all of the following:

#### *Investment Policy Statement Preparation (hereinafter referred to as "IPS"):*

We will meet with you (in person or over the telephone) to determine an appropriate investment strategy that reflects the plan sponsor's stated investment objectives for management of the overall plan, and will assist you in developing an IPS. Alternatively, if the Plan has an existing IPS, we will review the IPS and assist you to determine whether the Plan is performing consistent with the IPS and/or whether the IPS needs to be revised, based on an analysis of the Plan's liquidity requirements, performance goals and risk tolerance levels using information provided by you.

#### *Plan Review:*

We will conduct a review of the Plan design and advise the trustee(s) whether the Plan is operating in accordance with Plan documents and applicable provisions of ERISA. We will review trustee compliance with fiduciary responsibilities, including compliance with requirements for self-directed plans (if applicable) under ERISA Section 404(c).

#### *Plan Fees and Cost Review:*

We will review the fees and costs charged to the Plan by service providers to assist the trustee(s) to determine reasonableness of fees and costs paid by the Plan.

#### *Selection of Investment Vehicles:*

We will review various mutual funds to determine which investments are appropriate to implement the client's IPS. The number of investments to be recommended will be determined by the client, based on the IPS.

#### *Third Party Service Provider Liaison:*

We may act as liaison for the Plan and the trustee(s) when dealing with the custodian, third party administrator and other service providers to the Plan.

#### *Trading:*

If the client places their Plan assets under management with us we may purchase, sell and exchange assets in the account; contribute or transfer assets to the account; distribute or transfer assets from the account to the trustee(s), account owner or a plan participant, upon the direction of the trustee(s) and/or upon instructions from the Plan's third party administrator.

*Assessment of Investments:*

We will continually monitor investment performance and conduct a periodic review of fund expenses and style drift for mutual funds offered by the Plan to participants. We will provide suggestions to the trustee(s) from time to time as deemed warranted by the Investment Advisory Representative for alternative mutual fund options for the Plan to make available to its participants (which decision shall remain the sole and exclusive decision of the trustee(s) and/or their fiduciary delegate).

*Participant Education and Communication:*

We will coordinate and/or conduct investment education and enrollment meetings for plan participants as determined by you.

## **FINANCIAL PLANNING**

We do not typically provide financial planning advice other than on an incidental basis. Should a client's needs warrant it, we will enter into an agreement for the specific services needed.

## Item 5 Fees and Compensation

### INVESTMENT ADVISORY SERVICES INDIVIDUAL PORTFOLIO MANAGEMENT FEES

The annualized fee for Investment Advisory Services will be charged as a percentage of assets under management, and may differ according to where your account is opened. In each case you will be billed separate advisory fees by Lytle Investments and transaction fees by your financial institution.

Although Lytle Investments has established the below fee schedules, 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 and related accounts, among other factors. Discounts not generally available to our advisory clients may be offered to family members and friends of associated persons of our firm. The specific annual fee schedule will be identified in your Advisory Agreement.

#### Advisory Fee Schedule for Royal Alliance "RASA 044" Accounts

<u>Assets Under Management</u>	<u>Annual Fee</u>
less than \$250,000	1.00%
\$250,000 - \$499,999	0.95%
\$500,000 - \$749,999	0.90%
\$750,000 - \$999,999	0.85%
\$1,000,000 - \$1,499,999	0.80%
\$1,500,000 - \$1,999,999	0.75%
\$2,000,000 - \$2,999,999	0.70%
\$3,000,000 - \$3,999,999	0.65%
\$4,000,000 - \$4,999,999	0.60%
\$5,000,000 - \$7,499,999	0.55%
\$7,500,000 +	negotiated

In addition to the advisory fees we bill you, Royal Alliance will charge a separate per-trade transaction charge. Royal Alliance also charges a per-trade confirmation fee and additionally, will charge you for paper statements and confirmations if you do not elect to receive them electronically. There are additional fees relating to IRA and Qualified Retirement Plan accounts that you may incur. You will be given a schedule of fees prior to, or concurrent with, opening an account. These fees may be directly debited from your account.

You will pay our quarterly advisory fee in advance, based upon the value of the assets held in your account as of the last business day of the preceding calendar quarter. When you open an account in the middle of a quarter, the first fee is payable immediately and is pro-rated for the first quarter. Additional deposits to your account are subject to the same fee procedures. Our advisory fees will be debited from your account by the account custodian.

We may group certain related client accounts for the purpose of determining the annualized fee.

**Advisory Fee Schedule for  
TD Ameritrade Institutional Accounts**

**Annual Fee**

<b><u>Assets Under Management</u></b>	<b><u>Cash Equivalents</u></b>	<b><u>Bond Funds</u></b>	<b><u>Stock Funds &amp; Balanced Funds</u></b>
less than \$250,000	0.35%	0.65%	1.10%
\$250,000 - \$499,999	0.30%	0.60%	1.00%
\$500,000 - \$749,999	0.30%	0.55%	0.95%
\$750,000 - \$999,999	0.30%	0.50%	0.90%
\$1,000,000 - \$1,499,999	0.25%	0.45%	0.85%
\$1,500,000 - \$1,999,999	0.25%	0.40%	0.80%
\$2,000,000 - \$2,999,999	0.20%	0.35%	0.75%
\$3,000,000 - \$3,999,999	0.15%	0.30%	0.70%
\$4,000,000 - \$4,999,999	0.15%	0.30%	0.65%
\$5,000,000 - \$7,499,999	0.15%	0.25%	0.60%
\$7,500,000 - \$9,999,999	0.15%	0.20%	0.55%
\$10,000,000 +	negotiated	negotiated	negotiated

In addition to the advisory fees we bill you, TD Ameritrade Institutional will charge a separate flat fee, billed quarterly in arrears, which covers all mutual fund trading in your account. In addition, TD Ameritrade Institutional will charge a separate per-trade transaction fee for certain ETFs and all stocks and bonds. You will be given a schedule of fees charged by TD Ameritrade Institutional prior to, or concurrent with, opening an advisory account. These fees will be directly debited from your account.

You will pay our quarterly advisory fee in advance, based upon the value of the assets held in your account as of the last business day of the preceding calendar quarter. Our advisory fees will be debited from your account by the account custodian.

We may group certain related client accounts for the purpose of determining the annualized fee.

**Advisory Fee Schedule for  
TD Ameritrade Trust Company Accounts**

**Annual Fee**

<b><u>Assets Under Management</u></b>	<b><u>Cash Equivalents</u></b>	<b><u>Bond Funds</u></b>	<b><u>Stock Funds &amp; Balanced Funds</u></b>
less than \$250,000	0.35%	0.65%	1.10%
\$250,000 - \$499,999	0.30%	0.60%	1.00%
\$500,000 - \$749,999	0.30%	0.55%	0.95%
\$750,000 - \$999,999	0.30%	0.50%	0.90%
\$1,000,000 - \$1,499,999	0.25%	0.45%	0.85%
\$1,500,000 - \$1,999,999	0.25%	0.40%	0.80%
\$2,000,000 - \$2,999,999	0.20%	0.35%	0.75%



\$3,000,000 - \$3,999,999	0.15%	0.30%	0.70%
\$4,000,000 - \$4,999,999	0.15%	0.30%	0.65%
\$5,000,000 - \$7,499,999	0.15%	0.25%	0.60%
\$7,500,000 - \$9,999,999	0.15%	0.20%	0.55%
\$10,000,000 +	negotiated	negotiated	negotiated

In addition to the advisory fees we bill you, TD Ameritrade Trust Company will charge a separate administrative fee, billed quarterly in arrears, which covers trading and custodial services for your account. They charge additional fees for various Plan services such as issuing checks and preparing 1099-R forms. You will enter into a separate agreement with TD Ameritrade Trust Company prior to, or concurrent with, opening an advisory account. That agreement outlines all their services and fees.

You will pay our quarterly advisory fee in advance, based upon the value of the assets held in your account as of the last business day of the preceding calendar quarter. Our advisory fees will be debited from your account by the account custodian.

### **PENSION CONSULTING FEES**

In most instances, if we are providing investment advisory services for a pension plan, we will not charge an additional fee for Pension Consulting. The client would only be charged an investment advisory fee according to one of the above schedules, in addition to the fees charged by the custodian and/or broker-dealer.

If we are providing investment advisory services for a pension plan, but their circumstances are more complex in nature, an additional flat fee will be negotiated in advance for Pension Consulting Services. The fee amount and payment arrangements would be detailed in a client agreement.

### **FINANCIAL PLANNING FEES**

Lytle Investments' Financial Planning fee will be determined based on the nature of the services being provided and the complexity of each client's circumstances and will be agreed upon prior to entering into a contract with any client.

Our Financial Planning fees are a fixed or flat rate which will be specified in the client agreement.

### **ADDITIONAL FEES & EXPENSES**

***Termination of the Advisory Relationship:*** A client agreement may be canceled at any time, by either party, for any reason upon receipt of a written notice. As disclosed above, certain fees are paid in advance of services provided. Upon termination of an 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 amount of time remaining in the billing period. If the client terminates the agreement within 5 business days from inception, ALL fees which have been paid will be refunded.

**Mutual Fund Fees:** All fees paid to Lytle Investments for Investment Advisory Services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. Additionally, some mutual fund investments are subject to early redemption fees. The client will NOT pay initial or deferred sales charges for mutual funds purchased in a fee-based account. A client could invest in a mutual fund directly, without our services. In that case, however, 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.

**ERISA Accounts:** Lytle Investments is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"). As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Lytle Investments may not receive commissions or 12b-1 fees for ERISA accounts unless such fees are used to offset our advisory fees.

## GENERAL INFORMATION

**Grandfathering of Advisory Fees:** Pre-existing advisory clients are subject to Lytle Investments' advisory fees in effect at the time the client entered into the advisory contract. Therefore, our firm's advisory fees may differ among clients.

**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.

**LIMITATIONS:** In addition to providing advisory services, our Investment Advisory Representatives may also sell you securities products and other investment and insurance products in their capacity as registered representatives of a broker-dealer (Royal Alliance) and as licensed insurance agents. They will receive additional compensation in connection with this activity and the amount of compensation will depend on the type of product purchased. They will have a greater financial incentive to sell certain products as opposed to others (for example, in the case of mutual funds, those that have a higher 12b-1 fee than others). While our security sales are reviewed for suitability by an appointed supervisor, you should be aware of the incentives our Investment Advisory Representatives have to sell certain securities products and are encouraged to ask us about any conflict presented.

Please be aware that you are under no obligation to purchase products or services recommended by representatives of our firm in connection with providing you with any advisory services that we offer.

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

Lytle Investments does not charge performance-based fees, which are fees based on a share of capital gains or capital appreciation in a client's account.

## **Item 7    Types of Clients**

Lytle Investments 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)
- Corporations or other businesses not listed above

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

### METHODS OF ANALYSIS AND RISK OF LOSS

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

**Charting.** In this type of technical analysis, we review charts of market and security activity in an attempt to identify when the market is moving up or down and to predict how long the trend may last and when that trend might reverse.

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

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

**Technical Analysis.** We use statistics to determine trends in security prices and make or recommend investment decisions based on those trends. Technical analysis focuses on matters such as trade volume, demand, and volatility to help determine the market forces at work on a certain security or on the securities market as a whole.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

**Cyclical Analysis.** In this type of technical analysis, we measure the movements of a particular stock against the overall market in an attempt to predict the price movement of the security.

**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 other 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 AND RISK OF LOSS

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 advantage 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.

**Short-term purchases.** When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

**Trading.** We purchase securities with the idea of selling them very quickly (typically within 30 days or less). We do this in an attempt to take advantage of our predictions of brief price swings. This strategy is used only occasionally.

**Risk of Loss.** Listed above are some of the primary risks associated with the way we recommend investments to you. Please do not hesitate to contact us to discuss these risks and others in more detail. As securities investments are not guaranteed and you may lose money on your investments, we ask that you work with us to help us understand your tolerance for risk. ***Regardless, investing involves risk of loss that you should be prepared to bear.***

## **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**

Investment Advisory Representatives of our firm, in their individual capacities, are agents for various insurance companies and are registered representatives of Royal Alliance, a broker-dealer. Royal Alliance is a diversified financial services company registered with the Financial Industry Regulatory Authority ("FINRA").

As such, Investment Advisory Representatives of our firm are able to receive separate, yet customary commission compensation resulting from implementing product transactions on behalf of advisory clients.

You should be aware that the receipt of additional compensation by Lytle Investments or its Investment Advisory Representatives creates a conflict of interest that may impair the objectivity of our firm and these individuals when making advisory recommendations. We endeavor at all times to put the interest of our clients first. As part of our fiduciary duty, recommendations made to a client are suitable to the client's needs and circumstances. Additionally, our security sales are reviewed for suitability by an appointed supervisor.

Clients, however, are under no obligation to engage our representatives when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at your discretion and you are encouraged to ask us about any conflict.



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

We have adopted a Code of Ethics (the "Code") to address securities-related conduct. The Code focuses primarily on fiduciary duty, personal securities transactions, insider trading, gifts and conflicts of interest. The Code includes our policies and procedures developed to protect your interests in relation to the following topics:

- The duty at all times to place your interests first;
- The requirement that all personal securities transactions be conducted in such a manner as to be consistent with the Code and to avoid any actual or potential conflict of interest or any abuse of an employee's position of trust and responsibility;
- The fiduciary principle that information concerning the identity of your security holdings and financial circumstances are confidential; and
- The principle that independence in the investment decision-making process is paramount.

We will provide a copy of the Code to you or any prospective client upon request.

We may recommend securities to you or buy or sell securities for your account at or about the same time we may buy or sell the same securities in our own account. As such, there may be instances where our interests may appear to be placed ahead of yours. To mitigate this conflict, our firm policy prohibits us from receiving a better price on our order, if you and we invest in the same security on the same side of the market on the same day.

## Item 12 Brokerage Practices

We offer investment advisory services through these clearing firms.

Royal Alliance Associates, Inc. ("Royal Alliance"): Related persons of our firm are separately registered as securities representatives of Royal Alliance, a registered broker-dealer, member of the Financial Industry Regulatory Authority ("FINRA") and a non-affiliated registered investment adviser. If a client opens an account with Royal Alliance, Pershing LLC ("Pershing"), in conjunction with Royal Alliance, provides all clearing services.

TD Ameritrade Institutional: TD Ameritrade Institutional is a division of TD Ameritrade Inc., member SIPC ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade Institutional maintains custody of client funds and offers services to independent investment advisers which includes trade execution, clearance and settlement of transactions.

TD Ameritrade Trust Company: TD Ameritrade Trust Company is a non-depository trust company, which acts as custodian and/or directed trustee to certain qualified plans (such as 401k accounts) and is not a member of FINRA/SIPC. TD Ameritrade Trust Company is a subsidiary of TD Ameritrade Holding Corporation. The advice we offer for clients using this clearing firm is limited to mutual funds and ETFs.

Your Investment Advisory Representative will outline for you the differences between the services offered and costs associated with each of the above institutions. For example, if you want unlimited trading of mutual funds for a flat annual fee, an account with TD Ameritrade Institutional might work to your advantage. However, you may prefer to pay per-trade transaction costs, in which case an account at Royal Alliance might be best. If you have more than one account, a combination of custodians could work well for you. We invite you to ask questions about each option as it relates to your personal situation before you make a decision where to open your account.

Lytle Investments will occasionally aggregate (or "block") equity trades. We typically implement equity transactions separately for each account because we monitor each client account individually. Consequently, certain client trades may be executed before others, at a different price. However, on occasion, due to swift movements in the market, your Investment Advisory Representative may decide to buy or sell a specific security for all clients who have given us discretionary trading authority. In these instances, participating clients will receive an average share price. Blocking, or not blocking trades, does not affect transaction charges that may apply to your account.

Lytle Investments takes precautions to minimize the potential for trading errors. Our policy and practice is to seek to identify and correct any errors as promptly as possible without disadvantaging the client. Lytle Investments may maintain an account specifically for the purpose of correcting errors, into which both gains and losses would be recorded.

## **Item 13    Review of Accounts**

### **INVESTMENT ADVISORY SERVICES INDIVIDUAL PORTFOLIO MANAGEMENT**

*REVIEWS:* While the underlying investments within Individual Portfolio Management accounts are continually monitored, the accounts themselves are reviewed at least quarterly, but more typically each month. 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 your Investment Advisory Representative.

Your Investment Advisory Representative will contact you no less than annually, but more frequently as needed, to review your financial status, goals and objectives.

*REPORTS:* In addition to the monthly statements and confirmation of transactions that clients receive from their custodian, we provide quarterly performance reports. We do not provide quarterly performance reports to qualified plan accounts where the client's third party administrator, rather than Lytle Investments, places the client's trades.

### **PENSION CONSULTING SERVICES**

*REVIEWS:* Lytle Investments will review the client's Investment Policy Statement (IPS) whenever the client advises us of a change in circumstances regarding the needs of the plan. Lytle Investments will also review the investment options of the plan according to the agreed upon time intervals established in the IPS. Such reviews will generally occur annually.

These accounts are reviewed by your Investment Advisory Representative.

*REPORTS:* Unless otherwise contracted for, additional reports will not typically be provided.

### **FINANCIAL PLANNING SERVICES**

*REVIEWS:* Reviews may occur at different stages depending on the nature and terms of the specific engagement.

*REPORTS:* Unless otherwise contracted for, additional reports will not typically be provided.

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

Our broker-dealer, Royal Alliance, offers Investment Advisory Representatives educational, training and incentive programs for those representatives that meet certain sales production goals. There may be an incentive for us to manage your account in ways that assist us in meeting these production goals even if such strategies may not always be suitable for your account.

Our choice of custodian may be influenced by the services that the custodians make available to us, but do not necessarily benefit your account. Such services include software and technology that assist in the management and administration of your account and a mix of services to manage and further develop our business. A conflict of interest may exist because when we evaluate whether to recommend or require that you custody your assets at Royal Alliance, TD Ameritrade Institutional or TD Ameritrade Trust Company, 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 factors that are beneficial to you such as nature, cost or quality of custody and brokerage services.

While Lytle Investments receives some benefits from all these institutions through our participation in their programs, there is no direct link between our firm's participation in these programs and the investment advice we give to our clients. Nor do these benefits diminish our duty to act in the best interests of our clients, including seeking best execution of trades for client accounts. Additionally, our security sales are reviewed for suitability by an appointed supervisor.

It is Lytle Investments' policy not to engage solicitors or to pay related or non-related persons for referring potential clients to our firm.

You are always encouraged to ask us about any conflict presented.

## **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.

However, your account assets are maintained and custodied at Pershing, LLC and/or TD Ameritrade. They are qualified custodians that send quarterly (or more frequent) account statements directly to you showing all transactions within the account during the reporting period. That statement is the definitive source of your account information.

It is important for clients to carefully review their custodial statements. Clients should contact us directly if they believe that there may be an error in their statement.

## **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

Discretionary authority is limited to the timing and amount of the purchase or sell within a client's account, but does not extend to the withdrawal or transfer of funds. 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.

Lytle Investments will not provide discretionary asset management services to a qualified retirement plan. Such a client will sign a non-discretionary agreement with our firm and in accordance with that agreement, Lytle Investments may act upon written or verbal instructions from the plan trustee or the plan's third party administrator to purchase, sell and exchange assets in their account; to contribute or transfer assets to the account; and to distribute or transfer assets from the account to the trustee, account owner or plan participant.

## **Item 17    Voting Client Securities**

As a matter of firm policy, we do not have the authority to vote proxies on behalf of clients. Typically, proxy materials will be forwarded to you by your account custodian. Please contact us at any time with questions you may have regarding proxy solicitations.

## **Item 18   Financial Information**

Lytle Investments has no financial circumstances to report, and we are not required to include a financial statement.

Lytle Investments has not been the subject of a bankruptcy petition at any time during the past 10 years and we do not foresee any financial condition that would impair our fulfillment of reasonable obligations or contractual commitments to you.