

Form ADV : Part 2 A & B

As of March 12, 2012

Part 2A: The Brochure: This brochure discloses information about the qualifications and business practices of the investment advisory firm named below for the benefit of its clients and prospective clients. Please note that the terms "registered investment adviser" or "registered" do not imply a certain level of skill or training. If the adviser uses a wrap fee program, it is found in Appendix 1. If you have any questions about the contents of this brochure, please contact us at the contacts given below.

Part 2B: The Brochure "Supplement" discloses information about persons providing advice.

2A: Brochure : Item 1 :Cover Page : for

McDevitt & Bird Investment Management Company

["McDevitt & Bird"]

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*Please note that this brochure has not been approved by the Securities & Exchange Commission or by any state securities authority. This firm is registered with one or more states; **registration does not mean approval or verification by those regulators.** More information about the firm is at Investment Adviser Public Disclosure : www.adviserinfo.sec.gov.*

2A: Brochure : Item 2: Material Changes : *If we amend this disclosure brochure, we are to send you either a new copy of the brochure or at least this item 2 describing the changes made so you can decide if you want us to send you a complete, new copy. A summary of material changes is :*

☐ attached as an exhibit to or

☒ included here as part of this updated brochure

or : ~~No summary of material changes is required because there have been no material changes to this adviser's brochure since its last annual updating amendment.~~

The changes made are:

In Item 1 we have removed the SEC number as we are moving to state registration with Illinois.

In Item 4 we removed statements that we provide financial planning and we updated the assets under management.

In Item 19 we have completed the information for our state registration application.

We have added to the Parts 2B for Mr. Bird and Mr. McDevitt

2A: Brochure : Item 3 : Table of Contents : Information that investment advisers must provide to prospective clients initially and to existing clients annually : 18 disclosure items that describe this firm’s advisory business. and (if applicable) Appendix 1 with disclosures required for a “wrap fee” program brochure [*a specialized brochure*].

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Item 4. : This advisory firm's business

4. A. McDevitt & Bird Investment Management Company (or “McDevitt & Bird,” or “the firm” or “the adviser”) is an ILLINOIS state corporation [IRS EIN **36-4100331**] that registered to do business as an investment advisory firm on 9.30.1996. Note : The use of the phrase “registered investment adviser” or the term “registered” do not imply a certain level of skill or training.

Our firm's two owners are :

- **Martin A. McDevitt, Jr.**, Director and Chairman
- **Alan W. Bird**, Director and President

They are the firm's two advisory representatives and the persons who formulate the firm's investment advice.

The firm requires that persons involved directly in determining or giving investment advice to clients have earned an undergraduate bachelor's degree from an accredited college or university. In addition, the firm strongly encourages that those persons have earned, or be enrolled and in the pursuit of earning a master's of business administration degree (MBA) from an accredited college or university; and/or have achieved, or be in the process of achieving, the professional designation of chartered financial analyst (CFA). The only exception to the MBA and CFA requirement will be those individuals who, in the opinion of McDevitt & Bird Investment Management Company, have through experience gained the equivalent of the MBA and CFA designations.

McDevitt & Bird holds business hours from 8:30 a.m. to 4:30 p.m., Monday through Friday.

4.B. McDevitt & Bird Investment Management Company (or “the advisor” or “the firm”) provides two investment advisory services.

- 1.) The first service is a non-discretionary service in which the firm will make investment recommendations and monitor account performance.
- 2.) The second service is a discretionary service in which the firm will determine one or more of the following:
 - a) the securities to be bought or sold
 - b) the amount of such securities
 - c) the broker or dealer to be used
 - d) the commission rates paid.

The firm may make available to clients periodic research reports on entities and industries that the firm determines warrant consideration. These depend upon the suitability of the investment on a client-by-client basis. The firm does not assess a fee to a client for providing such reports.

The firm may consult with clients regarding their financial planning needs. [If a client requires a financial plan, the firm will refer the client at no cost to a financial planning professional.](#)

4.C. Do we tailor our advisory services to a client's individual needs and how do we do so?
Can clients impose restrictions on investing in certain securities or types of securities?

As a fiduciary, an investment adviser is to make only those recommendations that demonstrably are in the client's own best interests, which means that they, too, must be based on an individual's stated and/or established, individual needs, goals, risk tolerance and investment time horizon. The firm seeks to

establish this personal dimension through a careful, fact-finding interview and discussions with each client.

Clients may impose reasonable restrictions on the adviser's discretion to invest in certain securities or types of securities if a client provides clear, written directions to that effect. Clients may opt to have their account managed on a non-discretionary basis. The client allows the power of discretion to an adviser by means of a limited power of attorney, which the client may revoke at any time.

A client's ability to impose restrictions on the adviser's discretion occurs at the beginning of the process at which time a client accepts or chooses not to invest in the recommended programs. Clients may withdraw from the programs at any time as well.

4.D. Do we participate in a wrap fee program providing portfolio management services? NO, we do not.

4. E. As of 12.31.2011 this firm managed assets of \$34,350,769 in a continuous and regular manner. Of that amount, \$24.4 million were in discretionary accounts and \$ 9.9 million were in non-discretionary accounts.

Item 5 : Fees and Compensation. . — How our firm is compensated

5.A. A description of the range of fees. McDevitt & Bird's basic fee schedule will be an annual fee, payable quarterly in advance, based on a percentage of the assets in the account as valued at the close of the market at the end of each quarter. The negotiable, maximum fee schedule is as follows:

<u>NON-DISCRETIONARY ACCOUNT</u>	
<u>ASSET VALUE</u>	<u>FEE PERCENTAGE</u>
0 - \$1,000,000	1.00%
\$1,000,001 - \$3,000,000	0.75%
\$3,000,001 - \$5,000,000	0.50%
\$5,000,001 and above	negotiable

Minimum annual fee is \$2,500 (two thousand five hundred dollars).

<u>DISCRETIONARY ACCOUNT</u>	
<u>ASSET VALUE</u>	<u>FEE PERCENTAGE</u>
0 - \$1,000,000	0.80%
\$1,000,001 - \$3,000,000	0.60%
\$3,000,001 - \$5,000,000	0.40%
\$5,000,001 and above	negotiable

Minimum annual fee is \$2,000 (two thousand dollars).

The advisory firm reserves the right to negotiate its fees and to change its fee schedule upon thirty (30) days' advance written notice to the client.

As noted in Item 4, the firm may consult with clients regarding financial planning. The firm may negotiate with any such client in advance a fixed fee based upon the firm's estimate of time and expertise that will be used, or an hourly fee, as the client may prefer.

5.B. . Disclosure : Does our firm bill its clients for the incurred advisory fees by :

- Sending an invoice to the client, OR Obtaining each client's signed permission to deduct the advisory fees from the client's account held by the custodian, OR
- May clients select either method of billing? Yes. We allow it.

How often does the adviser assess fees (or bill clients)? The firm charges its fees quarterly, in advance.

Most clients pay their fees directly from their accounts. The firm does practice "direct billing" that requires us to obtain a client's written permission to deduct our fees directly from the client's account held by the custodian. [See the ADV Part 1B, Item 2. I]

5.C. . Disclosure : Clients should be aware that opening an investment account carries with it costs beyond the advisory fee(s) McDevitt & Bird charges. When placing a transaction order to buy or sell securities, advisory clients may have to pay any or all of the following charges in addition to the advisory fees charged by this firm.

- | | |
|-------------------------|--|
| • Brokerage commissions | • administrative fees for investments in mutual fund fees, |
| • custodian fees | • and 12b-1 fees in addition to administrative fees, |
| • postage charges | and other marketing fees for mutual funds, paid to |
| • processing charges | a broker dealer; |
| • Ticket charges | • account maintenance fees charged by a broker |
| • Early surrender | dealer for an account, especially if inactive. |
| • Transfer fees | |

We direct clients to this brochure's Item 12 for further discussion of brokerage costs.

5.D. . Disclosure : Do clients pay fees in advance? YES. The firm charges its fees quarterly, in advance. How may a client obtain a refund of a pre-paid fee if the contract is terminated prior to a billed period's end? How will the amount of the refund be determined? McDevitt & Bird will calculate and remit to the client a pro-rated refund, calculating the number of days remaining in a period and multiplying it by the average daily fee.

5.E. Disclosure : Does the firm or any of its supervised persons accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds? NO, we do not. No associate of McDevitt & Bird is registered as a broker dealer agent.

Disclosure 5.E.1. Whenever an investment advisory firm's representatives may earn a commission, or mutual fund management 12b-1 fees, or other forms of sales charges in their capacity as the registered representatives of a broker-dealer, that arrangement creates an incentive to recommend those sales and, as a consequence, an inherent possibility for a conflict of interest. An advisor is a fiduciary who is required to make only those recommendations for a client that solely are in the client's own best interest, uninfluenced by any calculation of personal gain. No McDevitt & Bird associate receives any 12(b)-1 fees.

We do not reduce our advisory fees to offset the commissions or markups.

Disclosure 5.E.2. Clients always have the option to purchase through unaffiliated broker-dealers and their agents those investment products our firm recommends

Disclosure 5.E.3 Does our advisory firm receive more than half its revenue from commissions and other sales-based compensation? No, our firm's only business activity, in time and in revenues, is its fee-based advisory service.

Disclosure 5.E. 4. Do we charge advisory fees in addition to commissions or markups? We do, of course,

charge advisory fees. Our investment advisory firm is not also a broker dealer and therefore does not receive commissions or markups.

Other disclosures for this section : Our firm rarely uses mutual funds; most recommendations are for individual securities. If we do recommend a mutual fund to our clients, we would prefer a “no-load” fund, which imposes no commission or sales charge (“load”) on the shareholder and are purchased directly from the fund company, rather than through a broker.

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

Does our firm charge performance-based fees [fees based on a portfolio’s increase in asset value] ? No, it does not. [See also: Form ADV Part 1A, Item 5. E. (6).

Does our firm have a supervised person who manages an account that pays performance fees? No, it does not.

NOTE : Regulators have stated that performance fees can cause incentives for an adviser to manage a portfolio with an eye to short term gains only, including investments that are more speculative or have a higher risk of loss. They may also tempt an advisor to allocate more time to them than to other clients’ portfolios due to the possibility of a higher fee. As a fiduciary, an investment adviser is to provide equitable treatment to each client’s managed portfolio as if it were the adviser’s own portfolio - within the investment parameters agreed to with the client.

Item 7. : Types of Clients.

Typically our clients include high net worth and other individuals (including estates and trusts), corporations and other businesses, pension and profit-sharing plans , and charitable organizations.

The firm provides investment services, but does not impose a minimum dollar value of assets or other condition for starting or maintaining an account. However, the firm may charge a minimum annual fee, which will not exceed \$2,000.00 for discretionary accounts and \$2,500 for non-discretionary accounts.

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

A. An adviser must describe its methods of analysis and investment strategies used in formulating its investment advice. It must explain in detail any unusual risks.

Caution : Investing in securities involves risk of loss which a client must be able to bear.

An adviser must explain the material risks involved for each significant investment strategy or method of analysis used and particular type of security recommended, with more detail if those risks are significant or unusual (i.e., not otherwise apparent from reading the Brochure). A strategy or method of analysis is significant if the adviser uses the strategy or method in advising “more than a small portion of the adviser’s clients’ assets.”

In formulating advice, McDevitt & Bird’s advisers may apply charting, cyclical, fundamental and/ or technical analytical methods.

1. **Charting** – Charting includes a variety of means of analysis that correlate charts, graphs, and similar **market information** to detect patterns that are judged to be predictable, to reoccur in essentially the same way, given the same chartable factors or relationships among factors. It seeks to predict trends

and notice variations in those trends, using various calculated averages.

Problems encountered using a charting analysis : Charting assumes

- 1) an accurate correspondence between real events and the factors charted as selected;
- 2) and that patterns can be detected in such charts such that
- 3) they are recognizable in advance, predictable as drawn from recurring and therefore essentially mechanistic financial events.

It is a complicated theory. It depends upon a basic assumption that the fundamental financial influences are not radically different in the time periods considered. That assumption is a concept that recently has been questioned on a number of levels.

Particular stocks may diverge from the market/ sector averages radically. Charting may therefore need to be paired with another form of analysis such as fundamental or technical analyses in order to look more closely at particular securities.

The time period most suitable for use in charting analyses is dependent upon the investor's holding period, portfolio structure, and other factors. The choice of relevant segments of performance over time and the understanding of their place in mapping the forces within the larger time period framework is another consideration. Time spent using one analytical method will compete with other analytical methods which might have proven more useful and profitable.

Cyclical – This form of analysis classifies sector types of stock and possibly specific stocks with regard to their relation to recurring up and down business cycles and/ or market movements.

Certain kinds of stock show marked tendencies to mirror these larger economic movements, either directly or inversely. Automobile industry stocks, housing stocks, and many others belong to these groups. Others, such as food-related stocks, have little or no relation to these cyclical economic movements. It is important for the analyst using cyclical predictors to have a good understanding of how certain industries relate to the overall economy and any verifiable changes occurring within the system, to ascertain which business sectors will be affected and how greatly by economic changes.

Risks inherent in using a cyclical method of analysis : The analysis is applied to limited kinds of stocks, which either could limit a portfolio or require other forms of investing whose analyses would then need to be related to and integrated with the concepts and investment goals inherent in a cyclical view.

Understanding business cycles is a complicated endeavor at the least.

The time involved in these cycles is generally longer historical periods whose effectiveness may easily be eclipsed by other forms of market action. Changes in the economy may vary in the magnitude of their cyclical effects from period to period.

Deciding when to enter into a predicted cycle and when to leave can require very careful monitoring; demand for certain cyclical industry items may not always be predictable if a significant portion of consumption is from certain foreign purchasers, the Chinese Peoples Republic, for example. Time spent using one analytical method will compete with other analytical methods which might have proven more useful and profitable.

Fundamental Analysis – Called the “bottom-up” approach to investing, a fundamental analysis seeks an in-depth understanding of a **specific firm/** company to evaluate its intrinsic value and its future prospects before investing in its stock. Such an analysis studies the firm’s management, its debt, equity and cash flow, history of financial performance/ growth, dividend payout percentages, its products, operating efficiency and marketing structures, among other factors. The firm’s balance sheet and income statement are two key sources of information about the firm.

Fundamental Analysis will compare a firm’s stock price with its earnings per share and its net earnings to its gross revenues and compare both with the averages for that industry sector. The ratio of current liabilities to current assets is another important element of this form of evaluation. A central focus is deciding whether the stock is over-valued or undervalued.

As a term in large-scale economics, a fundamental analysis studies gross national product, inflation and interest rates, trade and unemployment trends, consumer confidence, savings and spending patterns and inventories in order to predict the larger movements of national and international economies. These larger concerns greatly influence the elements considered in a fundamental analysis of any given company.

Risks inherent in using a fundamental analysis : The factors involved can require time-consuming study that can fall behind the need to make decisions, if such factors begin to change rapidly. Few of the numbers are absolutes; many are relative to other factors or industry sector information. Most require intelligent judgment and experience to be applied meaningfully to stock values.

Fundamental analysis places value on the financial structure and health of the firm to be invested in. These factors at times are of little or no interest to the market place, such that the stock prices for very sound companies may wither when investors look to other reasons and areas for investing.

For a relatively short time period, a firm can falsify facts to hide poor performance or a fragile financial situation. The independence of balance sheets’ and other reports’ numerical information from such possible manipulation may not be readily verifiable.

Additionally, time spent using any one analytical method will compete with other analytical methods which might have proven more useful and profitable.

Technical – Technical Analysis is, together with fundamental analysis, one of the two major schools of stock market study. This form of value analysis focuses on patterns of **volume and price fluctuations** for a **given stock** as compared to the activity of the larger, general market(s) indicators. Securities are evaluated for purchase or sale based on an analysis of market statistics such as volume and prices over time as seen on charts, etc. that are believed to establish relational patterns that can predict future movements in the markets.

This relative comparison has little or no concern for any company’s fundamental structure, production or worth. Market indicators kept in view include volume and direction of market activity, as indicators of supply and demand for securities, often using one or more established index/ indices, such as the NASDAQ, S&P 500, and the Dow Jones Industrial Average. Trends and Penetrations (e.g. of previous “highs”) are another type of indicator used. The patterns discerned, often using charts for a quick grasp of the relationship of various factors, are used to predict future market moves and their effects on stocks in general and/ or on particular sectors of the market.

Problems encountered using a technical analysis : Technical analysis purports to see patterns deemed

repeatable in similar market conditions. Market conditions may consist of many factors any one of which may alter the outcome of an otherwise very similar situation. No one indicator is absolutely reliable, and a multiple of indicators may just as likely complicate understanding and evaluation as much as or more than it allows deeper insight into the market's mechanics.

The understandings offered clients in explanation tend to use generic Technical Analysis, while the working concepts that are derived from those basics and modified by experience and a firm's emphasis may well be hidden in part or completely as proprietary strategy /strategies that may let one advisor or market participant outperform another.

Technical analysis assumes that all the market factors are known to and considered by all the market's participants, although, in fact, the market can act in highly partial and even apparently irrational ways. A market termed "dynamic" indicates a sense that the underlying causal relationships may be shifting.

The firm uses the following sources of information :

- Financial newspapers and magazines
- Inspections of corporate activities
- Research materials prepared by others
- Corporate rating services
- Annual reports, prospectuses, filings with the Securities and Exchange Commission
- Company press releases
- The firm may from time to time contact directly entities that the firm has recommended or is considering recommending to its clients for investment. These contacts may include visits to such entities and meeting with their personnel as the firm determines they warrant consideration. The firm's advisers use the internet to garner some investment information.

8. B. An advisor must explain the material risks involved in frequent trading if its strategy involves frequent trading of securities. An advisor must explain how frequent trading can affect performance.

The firm's trading strategies include holding for the long term (a year or more) and short term purchases (sold within a year). What may be regarded as "frequent trading" varies according to

- the client and the strategy for that client's specific account – one client may have multiple accounts that apply different strategies
- to the type of security or relative mix of securities involved
- and to the current nature of the market.

All these tactics are intended to enhance the portfolio's value and ability to meet a client's stated goals. All trades will add some costs to be deducted from a client's account and could reduce the overall return or growth in a client's account, if carefully measured against what its value would have been had the adviser not placed the transactions.

8.C. Do we recommend primarily a particular type of security? What are the material risks involved with that type of security? Are those risks unusual or significant?

We primarily recommend individual securities. We are prepared to provide advice on most types of securities, including :

<u>Equity Securities</u>		Notable risks involved with this type of investment
exchange-listed securities		Market fluctuations can bring losses, lower dividends
over-the-counter securities		More susceptible to market fluctuations; higher risk
foreign issuers		Not always under US financial reporting standards; higher risk
Warrants		Same as OTC
Corporate debt securities		Same as exchange listed, corporate bonds involve credit risk
Commercial Paper		More susceptible to market fluctuations; higher risk of default

Certificates of deposit	Limited liquidity
Municipal securities	Same as exchange listed; It is possible that they can default
Mutual fund shares	Market fluctuations can bring losses; various fees
US government securities	Returns can be low or even, rarely, negative. As hedge against equity market risk, mirror them.

Please see Item 12 for further description of our brokerage practices.

Item 9 : Disciplinary Information.

What facts about any legal or disciplinary event involving our firm or its personnel should you know of, because it is material to an evaluation of the integrity of our firm or its management persons?

The SEC requires that we inform you, our client, if our firm or any of our management persons has been involved in any of the events listed below in 9. A, B, and C. and, beyond those points, if there is any material fact about any legal or disciplinary event that you should know about in order to evaluate our integrity. You may also see these same questions answered online at the investment adviser public disclosure site (IAPD), in Part 1A, Item 11.

Has our firm or any of our management persons been involved in :

9. A. A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which our firm or a management person

1. was convicted of, or pled guilty or *nolo contendere* ("no contest") to

(a) any felony? **No, our firm has not and no one in our firm has been.**

(b) a misdemeanor that involved investments or an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion? **No, our firm has not and no one in our firm has been.** or

(c) a conspiracy to commit any of these offenses? **No, our firm has not and no one in our firm has been.**

2. is the named subject of a pending criminal proceeding that involves an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses? **No, our firm has not and no one in our firm has been.**

3. was found to have been involved in a violation of an investment-related statute or regulation? **No, our firm has not and no one in our firm has been.** or

4. was the subject of any order, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, our firm or a management person from engaging in any investment-related activity, or from violating any investment-related statute, rule, or order? **No, our firm has not and no one in our firm has been.**

9. B. An administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority in which our firm or a management person -

1. was found to have caused an investment-related business to lose its authorization to do business? **No, our firm has not and no one in our firm has been.** or

2. was found to have been involved in a violation of an investment-related statute or regulation and was the subject of an order by the agency or authority

(a) denying, suspending, or revoking the authorization of your firm or a management person to act in an investment-related business? **No, our firm has not and no one in our firm has been.**

(b) barring or suspending our firm's or a management person's association with an investment-related business? **No, our firm has not and no one in our firm has been.**

(c) otherwise significantly limiting our firm's or a management person's investment-related activities? **No, our firm has not and no one in our firm has been.** or

(d) imposing a civil money penalty of more than \$2,500 on our firm or a management person? **No, our firm has not and no one in our firm has been.**

9. C. A self-regulatory organization (SRO) proceeding in which our firm or a management person

1. was found to have caused an investment-related business to lose its authorization to do business? **No, our firm has not and no one in our firm has been.** or

2. was found to have been involved in a violation of the SRO's rules and was:

(i) barred or suspended from membership or from association with other members, or was expelled from membership? **No, our firm has not and no one in our firm has been.;**

(ii) otherwise significantly limited from investment-related activities? **No, our firm has not and no one in our firm has been.** or

(iii) fined more than \$2,500 - **No, our firm has not and no one in our firm has been.**

Item 10 :Other Financial Industry Activities and Affiliations. What material relationships does our firm or any of our management persons have with related financial industry participants? What material conflicts of interest may arise from these relationships and how are these conflicts addressed?

A. Have we, or has any of our management persons, registered either as a broker-dealer or as the representative of a broker-dealer? OR, Do we or any management person have such a registration pending? NO. We do not. This does not apply to McDevitt & Bird.

B. Have we, or has any of our management persons, registered as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of any of these entities named here? OR, Do we or any management person have such a registration pending?

NO. This does not apply to McDevitt & Bird.

C. Do we have any "related person" – a person or a firm that we control or that controls us through ownership or as an officer – with whom we have a material relationship, any arrangement that may cause a conflict of interest when providing our clients with investment advice? NO. We do not. This does not apply to McDevitt & Bird.

Our firm has no related firm or person who is a :

- | | |
|--|---|
| • Broker Dealer | • another investment adviser/ financial planner |
| • Municipal Securities Dealer | • a futures commission merchant, commodity |
| • Government Securities Dealer or Broker | pool operator or commodity trading advisor |
| • An investment company or other pooled | • a bank or a thrift institution |
| investment vehicle | • an accountant or accounting firm |
| • including a mutual fund, | • a lawyer or a law firm |
| • closed-end investment company | • an insurance company or agency |
| • unit investment trust | • a pension consultant |

- private investment company
- hedge fund
- offshore fund
- a real estate broker or dealer
- a sponsor or syndicator of limited partnerships.

An adviser's **related persons** are: (1) the adviser's officers, partners, or directors (or any person performing similar functions); (2) all persons directly or indirectly controlling, controlled by, or under common control with the adviser; (3) all of the adviser's current employees; and (4) any person providing investment advice on the adviser's behalf.

D. Do we recommend or select other investment advisers for our clients? NO, we do not normally do so.

Item 11. Code of Ethics / Advisory Persons' own trading and possible personal interest in our clients' trades.

A. As required by SEC rule 204A-1 or similar state rules our firm has adopted a Code of Ethics.

The firm created a Code of Ethics for its associates on October 4, 2004. In addition to such procedures noted above prohibiting the use of insider information, the Code outlines the associates' duties as fiduciaries to their clients and their duties to each other and the firm. A copy will be provided to any client or prospective client upon request.

Please note that using any insider information, information that is not readily available to all participants in the securities markets (upon making a reasonable effort to obtain that information), for any person, ourselves or relatives or clients or any other person, is strictly illegal and punishable by fines and imprisonment.

How our firm controls sensitive information:

- Building security : locked office doors at all times
- password protected computer screens and databases offsite
- fire prevention equipment
- office area under continual supervision during business hours

Steps the firm has taken to prevent employees from misusing any inside positions The firm's two owners review each other's trading and holdings.

11. B. [also in Form ADV Part 1A, Item 8. (1)(2) (3)]

Does our firm or a related person recommend to our clients, or do we buy or sell for our clients' accounts, securities in which we or a related person has a material interest?

Our firm and/ or its associates **do**

- buy or sell for the firm or for themselves securities (other than shares of mutual funds) that we also recommend to our advisory clients;
- invest or are permitted to invest in securities related to those we may recommend to clients, such as derivatives.

Our firm and its associates **do not**

- buy securities for the firm or for themselves from advisory clients (principal transactions);
- sell securities the firm or its associates own to advisory clients (principal transactions);
- in their capacity as a broker/ dealer agent, transact purchases or sales of any client's securities directly to any other person (an "agency cross transaction" that side-steps using a securities

- market place)
- buy or sell for the firm or for themselves shares of mutual funds that we also recommend to our advisory clients;
- recommend securities (or other investment products) to our advisory clients in which our firm or any person or other firm related to our firm has some other proprietary (ownership) or other financial interest.
- Act as an investment adviser to an investment company that we recommend to our clients.

11. C. **Personal Trading** : investing in the same or related securities

Does our firm permit itself, its personnel, or a person related to our firm (by ownership or other forms of control) to invest in the same securities that we recommend to our clients, or in securities that are related to those securities, such as options or other derivatives? YES. Persons associated with the firm may engage in transactions that they also recommend to clients. In order to disclose any possible conflicts of interest with transactions recommended to clients, related persons are subject to record keeping pursuant to rules of the Securities and Exchange Commission.

Related persons must also comply with various substantive and procedural restrictions, including those recommended by the Investment Company Institute's Advisory Group on Personal Investing in 1994 which include:

- i) purchases by related persons for must be submitted for pre-approval review by the firm;
- ii) purchases by related persons of securities that are added to a "buy list" or an "approved list" are prohibited for a period of 24 hours following the addition from entering into personal transactions;
- iii) the purchase by a related person of new securities issues in an initial public offering without preclearance by the firm is prohibited; and
- iv) related persons are subject to a ban on realization of short term trading profits and a special review of certain private placement securities held.

The firm itself does not have any position or interest in securities, except for its investment of temporary working cash balances in shares of money market funds, governmental securities, or time or demand deposits in securities on its own behalf.

When planning a purchase of a security for our clients and for ourselves, we will always place clients' orders before our own. On rare occasions we have aggregated or "bunched" or bundled our orders with clients' orders in order to achieve the needed volume to obtain a beneficial brokerage advantages for a client. We enforce these guidelines by self-discipline.

The possible conflicts of interest that arise whenever we recommend, or, in our discretion, buy or sell for you a security that we may also buy or sell for ourselves are

- using your order's market effect to benefit ourselves ("front running");
- using your order as "inside information" that would give us an unfair advantage in the markets to benefit ourselves or any other person (which is an illegal act);
- gaining a lower brokerage cost for ourselves in bunching orders, which can create an incentive to involve your account in that transaction.

Does any person in our firm participate in or have an interest in our clients' transactions? NO. No one in the firm has a financial interest in any investment transaction the firm recommends to its clients. Examples of such interests would include an adviser recommending that clients invest in a pooled investment vehicle that the firm advises or for which the investment adviser serves as the general partner, or when an adviser with a material financial interest in a company recommends that a client buy shares of that company.

11. D. **Personal Trading.** : investing in the same or related securities at the same time.

What specific conflicts do we have when our firm or a related person trades in the same securities at or about the *same time* as it places trades for a client's account? Our practice is to place clients' trades first.

"The SEC generally dislikes 'contemporaneous' trading," that is, that anyone in our firm might enter an order for her or his own account at the same time as an order in the same security for a client. Note that these restrictions are not applied to investments in mutual funds that are unaffiliated with our firm. Unaffiliated means a mutual fund that we have not ourselves created or helped establish and/ or in some way act as the fund's managers.

The SEC has stated that "an adviser's ability to place its own trades before or after client trades in the same security may affect the objectivity of the adviser's recommendations" and therefore states further that the SEC believes *disclosure of this practice* is warranted. The SEC has not in that opinion stated a specific length of time before or after.

What internal controls do we have to prevent our firm and/ or our staff from buying or selling the same or related securities at the same time as we may be placing orders for our clients' accounts? Our internal controls, for a firm our size, come down to self discipline and a sense of ethics, tempered by practicality.

Item 12 :Brokerage Practices.

12. A. Does our firm select a broker/ dealer for you? On what basis do we do so? How do we determine the reasonableness of the broker's compensation (commission charges)?

We do recommend one or more specific broker-dealers for our clients' transactions. The firm will use any broker dealer the client prefers, but does recommend the services provided by Salomon Smith Barney/ Morgan Stanley, or Merrill Lynch, or Carl Henning, Inc. due to their clearing and statement formats and their coverage, as well as historical personal contacts. Factors considered by the firm in selecting brokers and in determining the reasonableness of their commissions are the overall quality and reliability of a broker and the service it provides.

12. A. 1. Research and other "Soft Dollar" benefits : Do we have any conflicts of interest such as receiving "soft dollars" from the broker/ dealer? NO. We do not. This does not apply to McDevitt & Bird.

Required disclosures / explanations:

- a. If an adviser uses client brokerage commissions (or markups or markdowns) to obtain research or other products or services, the adviser receives a benefit in not having to produce or purchase them itself.
- b. Any such benefit creates an incentive to select or recommend the broker-dealer that provides it; an adviser's duty is to select a broker-dealer based on the most favorable execution services for the adviser's clients.

[c.] Do we "pay up" to obtain soft dollar benefits (that is, do we pay more than the lowest available commission rate)? Do we make our clients pay commissions (or markup or markdowns) higher than those charged by other broker-dealers in return for "paying-up"? NO. We do not. This does not apply to McDevitt & Bird.

[d.] Do we use soft dollar products, research or other items for the benefit of all our clients or only certain clients? Do we allocate benefits proportionately to accounts as those accounts generate the soft

dollars by our directing brokerage to a specific broker-dealer? This does not apply to McDevitt & Bird.

[e.] The types of products, services or other benefits our firm or any of its related persons acquired in our firm's last fiscal year due to directing our clients' brokerage to a broker dealer are : This does not apply to McDevitt & Bird.

[f.] The procedures our firm used during its last fiscal year to direct our clients' transactions to a particular broker-dealer in return for soft dollar benefits received were : NONE - This does not apply to McDevitt & Bird. Clients need to understand that "soft dollars" are an enticing benefit for an adviser in so far as they provide access to research and / or other products both of use to the adviser in its business and at no expense to the adviser. Clearly, such an enticement creates an incentive to use the broker-dealer in question and may cause the adviser to use a broker that charges the adviser's clients higher commission rates than another broker-dealer. An adviser has a duty to seek the best execution of trades for its clients, which includes considerations in addition to the commission rate, however.

Are there additional, material conflicts of interest involved in our use of directed brokerage, due to a relationship with the broker-dealer? NO. There are not. This does not apply to McDevitt & Bird.

12. A. 2. Brokerage for client referrals

Do we direct brokerage to a specific broker-dealer in return for client referrals either to our firm or to a related firm? No, we do not. Note: The inherent conflict of interest in directing brokerage stems from an adviser's fiduciary duty to the client to put the client's interests first. The referrals create an incentive to use the broker-dealer not for the services a client will receive, but due to the benefit to the advisory firm. Directed brokerage may result in brokerage costs that are higher than a client might obtain from another broker-dealer. We had no procedures during our last fiscal year to direct brokerage to any broker dealer.

12. A. 3.

[a] Do we "routinely recommend, request or require" our clients to direct brokerage? No. The firm will use any broker dealer the client prefers. It will recommend broker dealers to clients. Clients should know that not all advisers do require directed brokerage. The adviser has no related or affiliated broker dealer.

[b] Do we permit a client to direct brokerage to a specific broker-dealer? Yes. Our practice is to use any broker dealer the client prefers. Clients should understand that their choice of broker-dealer may lead to higher brokerage costs than they might have otherwise obtained, due to higher rates or an inability to aggregate orders and thereby reduce transaction costs.

12. B. When we place orders with a broker/ dealer for our clients, do we aggregate or "bunch" your trade order with orders for other clients? We have done so very rarely.

Item 13 :Review of Accounts.

13. A. Does someone in our firm review your investment account portfolio and how often?

Either Martin A. McDevitt, Jr. or Alan W. Bird, respectively the firm's Chairman and President, will perform all reviews. They review each client's portfolio account no less frequently than quarterly.

13. B. What factors might trigger a review in addition to our periodic reviews?

Major moves in the national markets or changes in the nation's economy, as well as any information a client makes known to us regarding changes in that client's financial situation or goals all provide important reasons for an adviser to re-evaluate the recommendations it provides to its clients. We base the frequency of account reviews upon the assets held in an account, stated client investment objectives, market conditions and economic developments, and on the need to implement buy and/ or sell recommendations.

13. C. What regular reports do we or others provide you? Are they written reports? What do they contain? Each client's broker dealer and custodian will provide timely confirmations of buy and sell transactions. Clients receive monthly statements that evidence buy and sell transactions, the receipt of sale proceeds, dividend and interest income, and payments made for purchases and other disbursements. Clients will also receive quarterly and annual reports listing each of the assets in an account priced at the close of a specified date, the unit and aggregate cost of each asset, the interest/ dividends paid and the yield on the asset during the period the report covers, as well as the total of all assets.

Item 14 :Client Referrals and Other Compensation.

A. Does someone other than a client of our firm pay our firm or related persons, or otherwise provide some economic benefit to our firm, for the investment advice we provide to our clients? [\[12b-1 fees; other; sales awards or prizes\]](#). NO. This does not apply to McDevitt & Bird.

B. Does our firm or a firm related to us through some form of ownership pay someone, directly or indirectly, for client referrals? It may do so. The firm anticipates one or more arrangements, which may be in writing, whereby it directly compensates persons for client referrals. Each such arrangement will be negotiated in advance between the firm and any such person. The firm anticipates such arrangements to be for a period of one or two years, or a larger period of years, depending upon negotiations between the person and the firm, and the continued status of any such referral as a client of the firm.

The firm anticipates paying for any such referrals at a rate equal to a percentage of the annual fee collected by the firm from its client. The percentage may vary depending upon negotiations between the person and the firm. The firm will provide all such persons who it anticipates making referrals to the firm with a current copy of the advisor's written disclosure brochure statements (Part II of the ADV with this Schedule F). The firm will take steps to ensure that all such persons otherwise comply with the Investment Advisers Act of 1940.

Item 15: Custody.

Does our firm have custody of your assets?

The practice of "direct billing" has been defined by the SEC as a form of custody, but also as a "modern practice" that does not require annual audits. Direct billing also requires that the client receive at least quarterly statements from the account custodian, showing the advisory fee.

There are several qualified custodians for our clients' assets, named above in Item 12. A.; the firm is

open to using any custodian a client prefers. The custodian will send our clients at a minimum a quarterly account statement, monthly statements or confirmations for any month in which there was trade transaction activity in the account. NOTE : These statements should be reviewed carefully. It is not the custodian's responsibility to ascertain the accuracy of the calculation for fees subtracted from your account.

Item 16 : Investment Discretion.

A. Does our firm have discretionary authority over your assets? YES, our firm does exercise discretion over its clients' accounts. The firm may buy and sell securities at times and in amounts, and using the brokers the firm determines in its own discretion are advisable, within any restrictions specified by the client. The firm will use any broker dealer the client prefers, but does recommend the services provided by those named above in item 12. A. due to the contacts the firm has with each. Factors considered by the firm in selecting brokers and in determining the reasonableness of their commissions are the overall quality and reliability of a broker and the service it provides.

B. What limitations are there, or can you place, on our discretionary authority? Suitability parameters, as the client and the adviser establish in the initial interview, are the over-riding limitation on any discretion. Also, our firm gains discretionary authority over a client's account only if and when that client signs a limited power of attorney stating that allowance specifically. A client may revoke that permission at any time. As noted in Item 4. C., clients may impose reasonable restrictions if provided in clear, written instructions.

Item 17. : Voting Client Securities.— proxy voting practices

A. Does our firm have or will it accept authority to vote client securities? NO. We do not. Clients will receive their proxy statements directly from the broker dealer.

B. This is our policy and our procedures : that we do not vote proxies. / Our firm does not vote its clients' proxies. We state this in our agreement and here in these disclosures. Our firm urges our clients to read and participate in the voting process tied to the shares they own in various companies as an excellent means for our clients to become familiar with those companies in which they are invested.

Item 18 : Financial Information.

A. Custody situations : Does our firm have custody of your funds or your securities investments? No.

- Do we require prepayment of a fee of \$500 or more, 6 or more months in advance of services? We do not.
- Do we practice "Direct Billing" (charging our fees to your account)? We do practice "direct billing" as described above in Item 15 : "Custody"
- Do we or someone in our firm act as the trustee for an advisory client? No, we do not.

18. B. Financial difficulties : As our firm has discretionary authority over your assets [see Item 16], then we must disclose if there is any financial condition reasonable likely to impair our firm's ability to meet its contractual commitments to its clients. This question - does our firm have any financial condition that could reasonably seem likely to impair our ability to meet our contractual commitments to you, our client? - is important. Because we exercise discretion, if our financial condition were precarious, our clients would be exposed to increased risks that we might not manage their assets properly, according to

the SEC. Prepaid fees might not be refunded if an advisory firm were to cease being able to do business due to insolvency. McDevitt & Bird has no financial difficulties as of the time of this ADV Part 2A; the firm undertakes to inform clients if it were to have any threatening financial difficulties.

18. C. Has our firm been the subject of a bankruptcy petition during the last 10 years? No, it has not.

Item 19 :State Registrant Information.

A. As noted above in Item 4, the firm's two owners and sole officers are:

- **Martin A. McDevitt, Jr.**, Director and Chairman
- **Alan W. Bird**, Director and President

They are the firm's two advisory representatives and the persons who formulate the firm's investment advice.

B. Mr. McDevitt's and Mr. Bird's other business activities are described in Item 10 above and in the Parts 2B for each in the section immediately following. Mr. Bird's duties on the board of a bank requires a few hours each month.

C. Neither the firm nor any of its supervised persons receives compensation for advisory services with performance-based fees. Advisory clients should know that performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

D. Neither the firm nor any of its management persons has been involved in one of the events listed below:

1. An award or otherwise being *found* liable in an arbitration claim alleging damages in excess of \$2,500, *involving* any of the following:

- (a) an investment or an *investment-related* business or activity;
- (b) fraud, false statement(s), or omissions;
- (c) theft, embezzlement, or other wrongful taking of property;
- (d) bribery, forgery, counterfeiting, or extortion; or
- (e) dishonest, unfair, or unethical practices.

2. An award or otherwise being *found* liable in a civil, *self-regulatory organization*, or administrative *proceeding involving* any of the following:

- (a) an investment or an *investment-related* business or activity;
- (b) fraud, false statement(s), or omissions;
- (c) theft, embezzlement, or other wrongful taking of property;
- (d) bribery, forgery, counterfeiting, or extortion; or
- (e) dishonest, unfair, or unethical practices.

E. Neither the firm nor any of its management persons has any relationship or arrangement with any issuer of securities.

Part 2B: The Brochure Supplement : Here we provide information about advisory personnel on whom you rely for investment advice. We must provide this supervised person's supplement to you, our client initially at or before the time when *that* specific supervised person begins to provide you with advisory services.

Item 1. Cover Page.

McDevitt & Bird Investment Management Company

["McDevitt & Bird"]

2660 West Longhollow Road
Elizabeth, ILLINOIS 61028-9455

Mailing Address : P.O. Box 507, Elizabeth, IL 61028-0507

Telephone : (815) 858-2457

This brochure supplement provides information about Alan W. Bird that supplements the McDevitt & Bird Investment Management Company brochure. You should have received a copy of that brochure. Please contact Alan W. Bird if you did not receive our firm's brochure or if you have any questions about the contents of this supplement. Additional information about Mr. Bird is available on the SEC's website at www.adviserinfo.sec.gov.

Alan W. Bird

Born August 1, 1939

CRD # 1236787

Item 2. Educational Background and Business Experience

Alan W. Bird attended the University of Michigan from 1957 to 1959, graduated from the University of Iowa in 1962 with a B.B.A. Business degree and from Northwestern University in 1968 with an M.B.A. in Finance.

He attained the **Chartered Financial Analyst** Certification, 1971. To earn a Chartered Financial Analyst (**CFA**) charter, a candidate must have four years of qualified investment work experience, become a member of CFA Institute, pledge to adhere to the CFA Institute Code of Ethics and Standards of Professional Conduct on an annual basis, apply for membership to a local CFA member society, and complete the CFA Program. The CFA Program is organized into three levels, each culminating in a six-hour exam. Completing the Program takes most candidates between two and five years. The Program reflects a broad Candidate Body of Knowledge™ (CBOK) developed and continuously updated by active practitioners to ensure that charter holders possess knowledge grounded in the real world of today's global investment industry.

From September of 1996 to the present, Mr. Bird has been the Director and President of McDevitt & Bird Investment Management Company, as well as an investment adviser representative. From October 2005 he has been the firm's Chief Compliance Officer.

From September 1983 until September 1996 he was President of Wayne Hummer Management Co.

Item 3. Disciplinary Information. Mr. Bird has no disciplinary history to report.

Item 4. Other Business Activities. Mr. Bird has no other business activity related to investment businesses to report. He is on the board of several non-profit organizations and also on the board of a bank that pays him a director's fee. Mr. Bird also farms.

Item 5. Additional Compensation. Mr. Bird has no additional compensation to report.

Item 6. Supervision. To a large extent, Mr. Bird is his own supervisor. He maintains on file in the firm's offices

reports of his proprietary trading activities and the formulation of his recommendations for the regulator to review at will. Mr. McDevitt reviews Mr. Bird's trading activities.

Item 7. State Registration requirements

None of the disciplinary, legal or arbitration issues pertaining to this Item 7 applies to Mr. Bird. He has not filed for bankruptcy protection in the past ten years.

Part 2B: The Brochure Supplement : Here we provide information about advisory personnel on whom you rely for investment advice. We must provide this supervised person's supplement to you, our client initially at or before the time when *that* specific supervised person begins to provide you with advisory services.

Item 1. Cover Page.

McDevitt & Bird Investment Management Company

["McDevitt & Bird"]
2660 West Longhollow Road
Elizabeth, ILLINOIS 61028-9455

Mailing Address : P.O. Box 507, Elizabeth, IL 61028-0507
Telephone : (815) 858-2457

This brochure supplement provides information about Martin A. McDevitt, Jr. that supplements the McDevitt & Bird Investment Management Company brochure. You should have received a copy of that brochure. Please contact Alan W. Bird if you did not receive our firm's brochure or if you have any questions about the contents of this supplement. Additional information about Mr. McDevitt is available on the SEC's website at www.adviserinfo.sec.gov.

Martin A. McDevitt, Jr.

Born April 12, 1931
CRD # 326664

Item 2. Educational Background and Business Experience

Mr. McDevitt attended Loras College in 1950, and graduated from the University of Iowa in 1953 with a B.S. degree. He attended Northwestern University from 1955-59 as a student in its M.B.A. program.

He has been the Director and Chairman of McDevitt & Bird Investment Management Company – from September of 1996 to the present, as well as being an investment adviser representative.

He was a managing director of Cleary, Gull, Reiland & McDevitt, Inc., from February 1987 to September 1996.

Item 3. Disciplinary Information. Mr. McDevitt has no disciplinary history to report.

Item 4. Other Business Activities. Mr. McDevitt has no other business activity to report.

Item 5. Additional Compensation. Mr. McDevitt has no additional compensation to report.

Item 6. Supervision. To a large extent, Mr. McDevitt is his own supervisor. He maintains on file in the firm's offices reports of his proprietary trading activities and the formulation of his recommendations for the regulator to review at will. Mr. Bird reviews Mr. McDevitt's trading activities.

Item 7. State Registration requirements

None of the disciplinary, legal or arbitration issues pertaining to this Item 7 applies to Mr. McDevitt. He has not filed for bankruptcy protection in the past ten years. He is exempt from having to register in Illinois as an investment advisory representative.