

**Item 1 – Cover Page**

**Cypress Advisory Services Ltd., LLP**

**820 Gessner Ste. 1450, Houston, TX, 77450**

**Phone: (713) 827-8014**

**Website: [www.cypressadvisory.com](http://www.cypressadvisory.com)**

**SEC CRD Number: 138612**

**Date of Brochure: March 20, 2012**

This Brochure provides information about the qualifications and business practices of Cypress Advisory Services Ltd., LLP (“Adviser” or “the Firm” or “Cypress Advisory”). If you have any questions about the contents of this Brochure, please contact us at (713) 827-8014 and/or [kurt@cypressadvisory.com](mailto:kurt@cypressadvisory.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.

CYPRESS ADVISORY SERVICES LTD., LLP is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about CYPRESS ADVISORY SERVICES LTD., LLP also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year (December 31<sup>st</sup> each year). We may further provide other ongoing disclosure information about material changes as necessary.

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

### **Material Changes since the Last Update**

Since the last version of the ADV Part 2 dated March 1, 2011, the only material change to report is that Cypress Advisory has reduced its number of Model Portfolios from 10 to 7.

Currently, our Brochure may be requested by contacting Kurt Box, Principal at (713) 827-8014 or [kurt@cypressadvisory.com](mailto:kurt@cypressadvisory.com) . Our Brochure is also available on our web site [www.cypressadvisory.com](http://www.cypressadvisory.com) , also free of charge.

Additional information about CYPRESS ADVISORY SERVICES LTD., LLP is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with Cypress Advisory Services Ltd., LLP who are registered, or are required to be registered, as investment adviser representatives of Cypress Advisory Services Ltd., LLP.

### **Item 3 -Table of Contents**

|  |        |
|--|--------|
| Item 1 – Cover Page .....  | i      |
| Item 2 – Material Changes .....  | ii     |
| Item 3 -Table of Contents.....   | iii    |
| Item 4 – Advisory Business .....   | 1      |
| Item 5 – Fees and Compensation.....  | 5      |
| Item 6 – Performance-Based Fees and Side-By-Side Management.....           | 8      |
| Item 7 – Types of Clients .....  | 8      |
| Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss ..... | 9      |
| Item 9 – Disciplinary Information.....                                     | 12     |
| Item 10 – Other Financial Industry Activities and Affiliations .....       | 12     |
| Item 11 – Code of Ethics.....  | 13     |
| Item 12 – Brokerage Practices.....   | 14     |
| Item 13 – Review of Accounts.....  | 20     |
| Item 14 – Client Referrals and Other Compensation .....                    | 21     |
| Item 15 – Custody.....   | 21     |
| Item 16 – Investment Discretion .....                                      | 21     |
| Item 17 – Voting <i>Client</i> Securities .....                            | 22     |
| Item 18 – Financial Information .....                                      | 22     |
| <br>Form ADV Part 2B – Individual Disclosure Brochure.....                 | <br>23 |

#### **Item 4 – Advisory Business**

- A. Cypress Advisory Services Ltd., LLP is a financial planning and investment management firm. Cypress Advisory was formed in the early 1990's, and became an independent firm in January 2006. The Firm provides comprehensive (or modular, depending upon the client's particular situation) financial planning to individuals primarily for whom it also delivers investment management services. Cypress Advisory will provide financial planning only services apart from investment management services but only on a case-by-case basis; we are very selective in this area. For most individual clients, Cypress Advisory provides investment management services in addition to financial planning services. In these cases, we examine the individual financial planning needs of the client prior to making investment recommendations. Cypress Advisory also manages investment advisory portfolios for those clients who decline full scale financial planning services. However, this is rare and we prefer to provide planning work in addition to investment management because we believe this gives us a better understanding of the client's overall financial picture, their personal goals, risks they may encounter, the risk they need to take (or not take) in their portfolio, etc.

Principal Owners are Paul E. Palmer, Jr. and Kurt L. Box.

- B. Cypress Advisory provides advice in three main areas: financial planning, discretionary investment management and 401k Plan consulting. However, our work in the 401k Plan area is extremely limited.
- a. The financial planning services Cypress Advisory provides are quite broad in scope. The actual services that each individual client receives, however, are contingent upon their particular circumstances and needs. Please note, ongoing investment management is not provided for under our "Financial Planning Contract." Rather, ongoing investment management is provided via our "Investment Advisory Agreement (Discretionary)." Specifically, the full list of financial planning services we provide includes:
- Asset Allocation
  - Wealth Accumulation Planning
  - Income Tax Planning
  - Estate Planning – We do not prepare wills, powers of attorney, etc. We do consult with client's attorneys and check beneficiary designations.
  - Retirement Distribution Planning

- Education Funding
  - Debt/Liability Planning
  - Employee Benefits Review & Enrollment
  - Survivor Income Needs – I.e. life insurance needs.
  - Disability Income Needs
  - Long Term Care Needs
  - Other Insurance Needs (health, prop. & casualty, etc) – We outsource this function to trusted insurance agents for we neither provide nor receive referral fees of any type.
  - Business Continuity Planning
  - Qualified Retirement Plan Analysis – If a client owns their own business we may help them decide the best type of retirement plan for their business (if any).
  - Charitable Planning
  - Business Tax Planning
  - Annual Meeting or Call
  - Meetings & Quarterly Calls
  - Document Storage
  - ID Theft Protection
  - Educational Luncheons
  - 3rd Party/Outside Business Opportunity Analysis
- b. With respect to our investment advisory services, Cypress Advisory is a diversified, global portfolio manager. We practice integrated asset allocation, and believe that asset allocation – the way a client’s portfolio holdings are divided among stocks, bonds, cash equivalents and other non-correlated asset classes – is a vital determinant of the investment results over both long and short time periods. We do not purchase individual stocks and bonds for our clients but instead use mutual funds, separate account managers and Exchange Traded Funds (ETFs).
- c. Finally, Cypress Advisory also provides consultative services for 401k plan sponsors and trustees on an extremely limited basis. This is not our primary area of work and is done only for business owners who are also individual financial planning clients of our firm. Our work in this area is provided under a separate “Non-Discretionary Plan Agreement”. This contract is separate and distinct from our “Financial Planning Contract” and our

“Investment Advisory Agreement (Discretionary).” All of the services provided to 401k plan sponsors are provided on a non-discretionary basis. That is, we only provide recommendations; the plan sponsor always makes the ultimate decision. The services we provide for 401k plan sponsors may include:

- We provide investment menu design – This includes (a) What should it look like? (b) How many funds should there be? (c) What asset class representations should be available? (d) Should you provide for asset class redundancy or simply a core lineup? (e) Active or index/passive funds?
- We provide ongoing research and evaluation of Plan investment choices including whether or not those funds still meet the criteria outlined in the Plan’s Investment Policy Statement (IPS) and if not, what are the grounds for them remaining in the lineup.
- We provide qualitative and quantitative analysis of investment choices quarterly, keep this analysis in our books and records and provide a copy for your Investment Committee.
- Perhaps most importantly we serve as a fiduciary under ERISA law and accept from the plan fiduciaries co-fiduciary responsibility (hence, liability) for assistance in prudently selecting, monitoring and replacing the investment options of the Plan.
- We sever any ties between our compensation and the Plan’s custodian, record keeper and investment lineup. We are accountable to and serve the interests of our Client alone.
- We DO NOT accept commissions under any circumstances; we only charge fees.
- We assist in the establishment and maintenance of a written Investment Policy Statement for the Plan.
- We lead group employee educational meetings annually (if so desired by the plan sponsor).
- We provide individual employee consultations/education meetings (10 minute limit per Plan Participant) on the day(s) of the annual education meeting. For those employees outside of Houston this can be accommodated through a conference call.
- We assist in compliance with ERISA Section 404(c).

- We assist in vendor selection (including the Plan custodian, record keeper and administration assistant).
- For takeover Plans, we attempt to uncover all fees being paid to all parties and fully disclose them to the Plan sponsor.
- We assist in determining the optimal Plan fee structure and source of payment as well as disclosures to Plan participants regarding such fees.

C. Cypress Advisory tailors both our financial planning and investment advisory services to the needs of individual clients. On the financial planning front, every client receives a customized and personalized financial plan that is hand built using Microsoft Excel. A multitude of personal circumstances are considered and a multitude of documents are needed to prepare this plan. On the investment advisory side, while we do follow a set of 7 “Model Portfolios” for firm scalability purposes, clients’ portfolios are customized as follows. We always prepare Portfolio Breakdown (Current versus Proposed) that is initially approved by the client before any funds are invested. The Portfolio Breakdown covers an extensive array of information including:

- Beginning Investment Categories: For tax purposes (personal, taxable/tax-deferred/tax free), limited investment options (i.e. variable annuities, 401ks)
- Asset class percentage and dollar targets
- Pie charts detailing current versus proposed allocations by asset class
- Keep/Sell recommendations of existing holdings
- Tax consequences of implementation of suggested portfolio
- Which asset classes to hold in taxable versus tax deferred or tax free accounts
- Specific investments to buy:
  - According to asset class
  - Identify investment custodian (Schwab Institutional, Public Non-Traded REIT, other (i.e. no-load variable annuity contract, TIAA CREF, 401k)
  - Total dollar amounts
  - Footnotes relevant to plan implementation

As each client approaches us with different circumstances, those circumstances must be taken into account when putting together an optimal portfolio. For example, if a new client has a large gain in a variable annuity, rather than liquidate the annuity we will likely perform a 1035 exchange to a low cost annuity. Even

though the new annuity has a large amount of available investments, they are not unlimited. Therefore, we must build the rest of the portfolio under this constraint. After the portfolio is fully invested according to the Portfolio Breakdown, Cypress Advisory monitors the portfolio and periodically re-balances the portfolio back in line with the original targets. Cypress Advisory's approach to rebalancing is not one that typically results in many significant adjustments over short periods of time. Rather, re-balancing changes tend to be gradual and often occur only once or twice each year. Typically, rebalancing targets are set at + or - 20% of the clients recommended allocation. For example, if the recommended allocation was 20% for a particular asset class, the asset class would be rebalanced back to 20% once it reaches 16% or 24%.

Clients may impose restrictions on investing in certain securities or types of securities, but it is an agreement we would want to understand upfront before putting together an investment proposal. However, since we do not pick individual securities for our clients this has never been an issue for us. On occasion we have clients who want to keep a small amount of money separate from the money we manage so that they can do their own trading as a hobby. In these cases we open a separate "trading" account for the client which we monitor and report on for the client for the sake of convenience. While we do technically have discretion over these accounts, we do not bill on them.

- D. We do not participate in any "wrap fee" programs.
- E. As of 03/20/2012 Cypress Advisory managed \$101,933,000 on a discretionary basis and \$0 on a non-discretionary basis for 78 clients.

## **Item 5 – Fees and Compensation**

- A. Cypress Advisory charges fees in three different ways under three separate contracts.
  - a. Investment Management Fees: Fees for investment management are separate from financial planning fees and are blended rates. Specifically:

| <u>Assets Under Management</u> | <u>Annualized Fee</u> |
|--------------------------------|-----------------------|
| First \$500,000                | 1.10%                 |
| \$500,001-\$1,000,000          | 0.85%                 |
| \$1,000,001-\$2,000,000        | 0.75%                 |
| \$2,000,001-\$5,000,000        | 0.50%                 |

|                            |            |
|----------------------------|------------|
| \$5,000,001 - \$10,000,000 | 0.40%      |
| Over \$10,000,0001         | Negotiable |

As mentioned, these are incremental rates. For example: Exactly \$975,000 in assets managed for exactly one year would result in an annual fee of  $\$500,000 \times 1.10\% = \$5,500$  plus  $\$475,000 \times 0.85\% = \$4,037.50$  for a total fee of \$9,537.50 and a rate of 0.978% (\$9,537.50 fee divided by \$975,000 in assets). Fees are subject to change with 30 days written notice. Fees are not negotiable. If a client is charged a fee less than Cypress Advisory's standard fee schedule, it is normally expressed as a professional courtesy discount on client's annual Fee Schedule (this is applicable to the firm's family members only).

- b. **Financial Planning Fees:** In a financial planning engagement, Cypress Advisory charges a financial planning fee (separate from investment management fees) in the first year of the engagement. The first year financial planning fee may range from \$2,000 to \$10,000 depending upon the complexity of the specific client situation. Cypress Advisory estimates the time necessary to complete the engagement and at the rate of \$250 per hour and charges half of this estimate upfront before commencing work. The balance, based on actual time spent, is due upon presentation of the plan. Cypress Advisory's fee-based compensation arrangement means that Cypress Advisory may receive compensation from the sale of non-security based life insurance, disability insurance, fixed rate annuities and long-term care insurance. Further, all third party compensation is fully disclosed to the clients in question prior to their purchase of any policy and the client is informed that they may use an alternate insurance agent to purchase the recommended policy(ies) if they so desire.
- c. **401k Consulting Services Fees:** Fees for 401k advisory services are as follows: The greater of:
  - i. A flat annual fee of \$1,500 and an annual charge of \$40 per Plan Participant. Note: The per Participant fee only applies if an annual enrollment meeting is conducted by Cypress Advisory; or
  - ii. 0.30% of the Plan's assets to \$5 million, 0.20% from \$5 million to \$10 million and negotiable over \$10 million.

Consulting fees are payable annually in advance and shall be paid to Cypress Advisory upon receipt of an invoice specifying the amount of the fee due unless specified otherwise. In the event the Agreement is terminated prior to the end of the year, no fees will be refunded to the Client. For the purposes of this Agreement, Plan Participants refer to any employee with monies in plan at the anniversary date of this contract each year (unless otherwise agreed upon).

- B. Financial planning fees are charged 50% upfront before work on the plan begins with the remainder due upon presentation of the plan. The fee is a one time fee only and clients are billed directly.

The specific manner in which investment advisory fees are charged by Cypress Advisory is established in a client's written agreement with Cypress Advisory. Cypress Advisory bills its fees on a quarterly basis. Clients are billed in advance each calendar quarter and fees are deducted from client accounts. Clients do not have the option to pay these fees outside of this arrangement.

401k consulting fees are payable annually in advance and are paid to Cypress Advisory upon receipt of an invoice specifying the amount of the fee due unless specified otherwise. In the event the Agreement is terminated prior to the end of the year, no fees will be refunded to the Client. Plan Participants refer to any employee with monies in plan at the anniversary date of the contract each year (unless otherwise agreed upon).

- C. Cypress Advisory's investment advisory fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus.

Such charges, fees and commissions are exclusive of and in addition to Cypress Advisory's fee, and Cypress Advisory shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that Cypress Advisory considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

- D. Clients must pay management fees in quarterly in advance. Management fees shall be prorated for each capital contribution and withdrawal over \$10,000 made during the applicable calendar quarter. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. When a client terminates an account or accounts, the client will be entitled to a pro rata refund of any pre-paid quarterly fee based upon the number of days remaining in the quarter after termination. Upon termination of any account, any prepaid, unearned fees will be promptly refunded.
- E. Cypress Advisory does not accept or receive any compensation for the sale of securities or other investment products.

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

Cypress Advisory Services does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

#### **Item 7 – Types of Clients**

Cypress Advisory Services provides portfolio management services to individuals and high net worth individuals and consulting services to 401k and profit sharing plans. The majority of our clients are high net worth individuals.

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

- A. Cypress Advisory is a diversified, global investment manager. We practice integrated asset allocation, and believe that asset allocation – the way a client’s portfolio holdings are divided among stocks, bonds, cash equivalents and other non-correlated asset classes – is a vital determinant of the investment results over both long and short time periods. While we are not “market timers” in that we do not jump in and out of equities and other asset classes over short periods of time (i.e. less than one year), we do vary exposure to the asset classes we utilize over time. These variations are first and foremost dependent upon each particular client’s need for and ability to take risk. Secondly, exposure to the asset classes is based on our evaluation of the overall valuation level of the asset class. This is particularly true with respect US stocks as we can more easily (due to vast amounts of historical data) make long range (7-10 year) return estimates. We do not purchase individual stocks and bonds for our clients but instead use separate account managers, mutual funds and Exchange Traded Funds (ETFs). Cypress Advisory currently uses up to 15 major asset classes per the following categorizations:

- Cash and Short Term Bond
- Intermediate Term Bond
- Inflation Protected Bond
- Foreign Bond
- Bank Loan
- Emerging Market Bonds (Non US \$ Hedged)
- Large Capitalization U.S. Stock
- Small Capitalization U.S. Stock
- Public Non-Traded Real Estate Investment Trusts (REITs)
- Alternative Investment/Long Short (i.e. Hedged Mutual Funds)
- International REIT
- Domestic REIT
- Foreign Stocks (Large Capitalization, Developed Markets)
- Diversified Emerging Market Stock
- Commodity Trading Advisors/Managed Futures

- B. Please note that investing in securities involves risk of loss that clients should be prepared to bear. All of the investments and asset classes utilized by Cypress Advisory fluctuate in value and thus there is a chance clients may lose money over both the short term and the long term. While our clients’ portfolios have generally had a lower risk of both incurring losses and in the magnitude of those losses than

has the US stock market in general, no assurances can be made that this will always hold true or that it will be true moving forward.

- C. Cypress Advisory primarily recommends mutual funds and Exchange Traded Funds (ETFs). Secondarily, we also utilize subaccounts within commission free variable annuities, a public non-traded real estate investment trust (REIT) and limited partnerships for clients who are accredited investors (financial assets of \$1 million and over).

**Mutual Fund and ETF Risks:** The mutual funds and ETFs utilized by Cypress Advisory involve certain material risks. More about these risks can be found in fund and ETF prospectuses. These risks are namely:

- **General Risks:** All investments are subject to inherent risks, and investments and the funds and ETFs utilized by Cypress Advisory are no exception. Accordingly, you may lose money by investing in the funds and ETFs recommended by Cypress Advisory. These funds and ETFs may be worth less than what you paid for them when you sell them because their prices will fluctuate day-to-day, reflecting changes in market conditions, interest rates and numerous other factors.
- **Market Risks:** Markets can trade in random or cyclical price patterns, and prices can fall over sustained periods of time. The value of the mutual funds and ETFs utilized by Cypress Advisory may fluctuate as markets fluctuate and could decline over short- or long-term periods.
- **Focused Portfolio and Non-Diversification Risks:** Some of the funds and ETFs utilized by Cypress Advisory may have more volatility and are considered to have more risk than a fund that invests in a greater number of securities because changes in the value of a single security may have a more significant effect, either negative or positive, on net asset value ("NAV").
- **Special Situation Risk:** Some of the funds and ETFs utilized by Cypress Advisory may make investments in special situations which may involve greater risks when compared to other strategies due to a variety of factors.
- **Interest Rate Risk:** Some of the funds and ETFs utilized by Cypress Advisory may make investments that are subject to interest rate risk, which is the risk that the value of a security will decline because of a change in general interest rates. Investments subject to interest rate risk will usually decrease in value when interest rates rise and rise in value when interest rates decline.

Also, securities with long maturities typically experience a more pronounced change in value when interest rates change.

- **Credit Risk:** The mutual funds and ETFs utilized by Cypress Advisory make investments that subject to credit risk. An issuer's credit quality depends on its ability to pay interest on and repay its debt and other obligations. Defaulted securities (or those expected to default) are subject to additional risks in that the securities may become subject to a plan or reorganization that can diminish or eliminate their value. The credit risk of a security may also depend on the credit quality of any bank or financial institution that provides credit enhancement for the security.
- **High Yield Security Risk. :** The mutual funds and ETFs utilized by Cypress Advisory may make investments in fixed-income securities that are rated below investment grade by one or more nationally recognized statistical rating organization ("NRSROs") or that are unrated and are deemed to be of similar quality ("high yield securities"). These securities may be subject to greater risk of loss of principal and interest than investments in higher-rated fixed-income securities. High yield securities are also generally considered to be subject to greater market risk than higher-rated securities.
- **REITs Risk:** Some of the mutual funds utilized by Cypress Advisory may invest in real estate investment trusts (REITs). REITs may be subject to certain risks associated with the direct ownership of real property, including declines in the value of real estate, risks related to general and local economic conditions, overbuilding and increased competition, increases in property taxes and operating expenses and variations in rental income.
- **Bank Debt Risk:** Some of the mutual funds utilized by Cypress Advisory, particularly the one utilized to fill the Bank Loan asset class, make investments in bank debt. Investments in bank debt involve credit risk, interest rate risk, liquidity risk and other risks, including the risk that any loan collateral may become impaired or that the purchasing fund may obtain less than the full value for the loan interests when sold.
- **Small to Medium Capitalization Risk:** Some of the mutual funds and ETFs utilized by Cypress Advisory may make have the ability to invest in securities of companies with small to medium market capitalizations. Such companies may be engaged in business within a narrow geographic region, be less well known to the investment community and have more volatile share prices. Also, companies with smaller market capitalizations often lack management depth and have narrower market penetrations, less diverse product lines and

fewer resources than larger companies. Moreover, the securities of such companies often have less market liquidity and, as a result, their stock prices often react more strongly to changes in the marketplace.

- **Emerging Markets Risk:** The mutual funds and ETFs we utilize in the Emerging Market Bond and Emerging Market stock asset classes also involve the additional risks associated with investing in these areas. Risks include geo-political, regulatory and currency risk (see below for currency risk).
- **Currency Risk:** The mutual funds and ETFs we utilize primarily in the Emerging Market Bond, Foreign Bond and Emerging Market Stock asset classes also face the risk that that foreign currencies will decline in value relative to the U.S. dollar and affect the fund's or ETF's investments in foreign (non-U.S.) currencies.

Many of the above risks also apply to limited partnerships we use, but they also contain one additional risk; that is liquidity risk. We may only liquidate client interests in the partnerships at the end of each month because they are not publicly traded securities. Further, the general partners of the partnerships retain the right to suspend redemptions as they see fit when it is in the best interest of the limited partners. Although this has not been an issue in the past, it is a risk to keep in consideration. We do, however, receive daily pricing on the value of clients' interests in the partnerships and the partnership's underlying holdings are liquid and publicly traded.

### **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Cypress Advisory Services or the integrity of Cypress Advisory Services's management. Cypress Advisory Services has no information applicable to this Item.

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

- A. Registered investment advisers are required to disclose all facts regarding other financial industry activities and affiliations they may have. Cypress Advisory is not and does not have any management persons who are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

- B. Neither Cypress Advisory nor any of our management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.
- C. Cypress Advisory is licensed as an insurance agency and in this capacity acts as a broker for term and permanent life insurance, fixed rate annuities, disability insurance and long-term care insurance. This service is only available to our financial planning and investment advisory clients. Each of these types of policies are risk management tools and may be appropriate and suitable for some clients. Since Cypress Advisory has found that sending the client to another company to purchase the above insurance does not typically result in a discount, Cypress Advisory offers to serve as the client's representative and broker of record in the purchase. The commissions are always fully disclosed to the client and it is only at the request of our clients that we represent them as an insurance broker in the insurance marketplace. Additionally, the client is informed that they can always use an outside broker for their insurance purchases. The insurance activities comprise less than 5% of our business activities.
- D. Neither Cypress Advisory nor any of our management persons receive compensation directly or indirectly from other advisers.

#### **Item 11 – Code of Ethics**

- A. Cypress Advisory Services has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Cypress Advisory Services must acknowledge the terms of the Code of Ethics annually, or as amended.
- B. Cypress Advisory does not recommend to clients, or buy or sell for client accounts, securities in which the firm or a related person has a material financial interest. It is Cypress Advisory's policy that the firm will not affect any principal or agency cross securities transactions for client accounts.

- C. Cypress Advisory anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which Cypress Advisory has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which Cypress Advisory, its affiliates and/or clients, directly or indirectly, have a position of interest. Cypress Advisory's employees and persons associated with Cypress the firm are required to follow our Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of Cypress Advisory and its affiliates MAY trade for their own accounts in securities which are recommended to and/or purchased for Cypress Advisory's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Cypress Advisory Services will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. In practice, however, virtually all trades are made by the firm's Chief Compliance Officer, Kurt Box, and are only trades that occur in the normal course of rebalancing employee's accounts to their particular model. Additionally, each quarter, employee trades are downloaded and reviewed.
- D. Employees who trade on the same day as clients must have all trades aggregated with client orders and receive the average pricing. Since Cypress Advisory does not utilize individual stocks or bonds, only mutual funds and ETFs, this applies only to ETFs. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between Cypress Advisory Services and its clients.

Cypress Advisory's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Kurt Box.

## **Item 12 – Brokerage Practices**

- A. Everything under this heading (A.) describes the factors that we consider in selecting broker-dealers for client transactions and in determining the reasonableness of their compensation (e.g., commissions).

1. Cypress Advisory will supervise and direct the investments of the client accounts subject to such limitations as the client may impose in writing. Cypress Advisory, as agent and attorney-in-fact with respect to the client's account, without prior consultation with the client, may, (a) direct the purchase, sell, exchange, conversion, and otherwise trade in stocks, bonds, mutual funds, ETFs and other securities including money market instruments, (b) direct the amount of securities purchased, sold, exchanged, and otherwise traded; (c) place orders for the execution of such securities transactions with third party broker/dealers.

**The Custodian and Brokers We Use** – Cypress Advisory does not maintain custody of your assets that we manage, although we may be deemed to have custody of your assets if you were to give us authority to withdraw assets from your account (see Item 15 – Custody, below). Your assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. We require that our clients use Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we require that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so. If you do not wish to place your assets with Schwab, then we cannot manage your account(s). Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account as described below (see “Your Brokerage and Custody Costs”).

**How We Select Brokers/Custodians** - We seek to use a custodian/broker who will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

- The reasonableness of commissions compared to other custodians and broker-dealers
- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)

- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs], etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services; especially in resolving client paperwork issues, transfer and wire issues, etc;
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, and stability
- Prior service to us and our other clients
- The features and user friendliness of the client accessible website
- Availability of other products and services that benefit us, as discussed below (see “Products and Services Available to Us From Schwab”)

**Your Brokerage and Custody Costs** - For our clients’ accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Schwab’s commission rates applicable to our client accounts were negotiated based on the condition that our clients collectively maintain a total of at least \$10,000,000 of their assets in accounts at Schwab. This commitment benefits you because the overall commission rates you pay are lower than they would be otherwise. In addition to commissions, Schwab charges you a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account. We have determined that having Schwab execute most trades is consistent with our duty to seek “best execution” of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see “How We Select Brokers/Custodians”).

- a. Because we utilize Schwab as our primary custodian, we receive some products and services at a discount or free from them. These are referred to as “soft dollars.” This is a benefit to us because we do not have to produce or pay (or we receive a discount) for the research, products and services. See Item 5 of this section for full discussion of the benefits we receive.
- b. Because we receive benefits from Schwab we have an incentive to select them based on our interest in receiving the free or discounted research, products and services they provide to us, rather than on our clients’ interest in receiving most favorable execution.
- c. Current and prospective clients are hereby advised that lower fees for comparable services may be available from other sources such as deep discount brokerage firms. Cypress Advisory has no obligation to seek the lowest commission cost or charge the lowest advisory fee. It is not our practice to negotiate “execution only” commission rates; thus the client may be deemed to be paying for other services provided by the broker which are included in the commission rate. (i.e. see Item 5 of this section).
- d. Cypress Advisory’s soft dollar benefits are not proportionally allocated to any accounts that may generate different amounts of the soft dollar benefits.
- e. **Products and Services Available to Us From Schwab** - Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab’s business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage—trading, custody, reporting, and related services—many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients’ accounts; while others help us manage and grow our business. Schwab’s support services generally are available on an unsolicited basis (we don’t have to request them) and at no charge to us as long as our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. If our clients collectively have less than \$10 million in assets at Schwab, Schwab may charge us quarterly service fees of \$1,200. Following is a more detailed description of Schwab’s support services:

**Services That Benefit You** - Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

**Services That May Not Directly Benefit You** - Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

**Services That Generally Benefit Only Us** - Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events. Note, Schwab does not pay for any travel or accommodation; they only provide for discounted or free admission to the conferences to hear speakers which might otherwise be quite expensive to access.
- Consulting on technology, compliance, legal, and business needs. Examples of how they Schwab helps us in this area include: They send us Compliance Bulletins written by legal experts; they provide webinars on technology best practices and integration; and they

provide a myriad of business planning and strategy tools (such as benchmark studies, running an efficient practice, etc.).

- Publications and conferences on practice management and business succession (see above for examples)
- Access to employee benefits providers, human capital consultants, insurance providers and package delivery companies that may offer discounts
- We receive an annual discount of \$800 from Schwab Performance Technologies (the vendor for PortfolioCenter, our performance reporting software package) because of our custodial relationship with Schwab Advisor Services. Specifically, the direct download link we have from our PortfolioCenter to Schwab is provided at a cost of \$0 while all other direct links cost \$800 per year.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment of our personnel.

- f. **Our Interest in Schwab's Services** - The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services so long as our clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum may give us an incentive to require that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "How We Select Brokers/Custodians") and not Schwab's services that benefit only us. We have over \$68 million in client assets under management, and we do not believe that requiring our clients to collectively maintain at least \$10 million of those assets at

Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest.

2. Cypress Advisory does NOT receive referrals from any broker-dealer or anyone related to a broker dealer.
  3. Outside of Schwab (see above) Cypress Advisory does NOT require or recommend that clients execute transactions through a specified broker-dealer.
- B. Anytime when, during a single day, we place a trade for at least two clients in the same security, we aggregate the purchase or sale of that security into a single order and allocate the shares or proceeds to the clients pro-rata via their purchase/sale size. Note, this does not apply to mutual funds as their orders cannot be aggregated.

### **Item 13 – Review of Accounts**

Kurt Box reviews all client portfolios on at least a quarterly basis, and compares each clients' overall portfolio with the respective model portfolio assigned to the client to ensure the portfolio is: (i) suitable to the respective client's investment objectives; (ii) meets that client's quality standards; and (iii) to make sure that their investment objectives are still pertinent to the managed account arrangement. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, client deposits and withdrawals or the market economic or political environment. Cypress Advisory's monitoring process includes a daily review of all transactions affecting each account. On a monthly basis, all accounts are reconciled by electronic means between Cypress Advisory's portfolio accounting/management system (Schwab's software, PortfolioCenter) and the broker records of Cypress Advisory's primary source, Schwab. Other trigger points include a review of called or maturing securities or other notable events (e.g. material change in a client's financial or personal circumstances). On a quarterly basis, Cypress Advisory provides comprehensive reporting to each client and periodic meetings or teleconferences with each client are typically conducted to review the portfolio status and to reaffirm the basic premises behind the client's allocation. Additionally, Cypress Advisory uses a state of the art risk assessment tool called Finametrica. Cypress Advisory has all clients take the assessment at least every 3 years to help determine any changes in their risk profile. Finally, we also utilize an expensive trading and rebalancing software (named Tamarac) that allows us to easily see which clients portfolios are out of tolerance with their set model portfolio, when they have excess cash and when cash needs to be raised. For our financial planning clients, we attempt to meet with them two to three times a year, but at least once a year. During these meetings

we receive updates on changes that have occurred in their lives or financial situation since we last spoke and how those changes might affect our management of their portfolio.

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

- A. Cypress Advisory does NOT receive any economic benefit from anyone except our clients for providing investment advice to our clients.
- B. One or more professionals at our firm are members of the Paladin Registry ([www.paladinregistry.com](http://www.paladinregistry.com)). Investors use Registry services to learn about financial advisors, to learn how to avoid bad financial advice, to learn how to select quality advisors, to search for new or replacement advisors, and to view documentation for Registry advisors' credentials, ethics, and business practices. The Registry also matches Cypress Advisory with investors who use its search and documentation services. Our firm pays fixed monthly fees to Paladin for professionals who are members of the Registry. Paladin has relationships with websites and companies (Partners) whose members, clients, users, or customers have linked access to Registry services. Paladin uses membership and match fees to create visibility for the Registry on the Internet and in the media, develop relationships with Partners, and provide free public services to investors. Paladin is registered with the SEC and they fully disclose Registry services and membership dues to investors who use the Registry to find advisors and review documentation. In addition, Paladin has a Terms of Service document that applies to all investors who use its services and a Service Agreement that applies to financial professionals who are profiled in the Registry.

#### **Item 15 – Custody**

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. Cypress Advisory urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

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

Cypress Advisory always receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold.

In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. Further, at the inception of a new client relationship, Cypress Advisory always details the names and dollar amounts of the securities that will be initially purchased by in the client's account(s); getting the client's verbal approval at a presentation meeting before moving forward with any trading. We obtain trading, disbursement and fee payment authorization in conjunction with client account openings.

When selecting securities and determining amounts, we observe the investment policies, limitations and restrictions of the clients for which we advise.

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

As a matter of firm policy and practice, Cypress Advisory does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Clients will receive their proxies and other solicitations directly from their custodian or a transfer agent, not from us. If a client wishes to discuss a proxy they may call or email us to ask us our advice regarding voting the proxy.

#### **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Cypress Advisory's financial condition. We have no financial commitments that impair our ability to meet contractual and fiduciary commitments to clients, and have not been the subject of a bankruptcy proceeding.

**Item 1- Cover Page**

**Cypress Advisory Services Ltd., LLP**  
**Form ADV Part 2B – Individual Disclosure Brochure**  
**for**  
**Paul Edwin Palmer, Jr.**

**Cypress Advisory Services Ltd., LLP**  
820 Gessner Ste. 1450, Houston, TX 77024  
Phone: 713 827-8014

Website: [www.cypressadvisory.com](http://www.cypressadvisory.com)

Email: [paul@cypressadvisory.com](mailto:paul@cypressadvisory.com)

March 24, 2011

**This Brochure Supplement provides information about Paul Edwin Palmer, Jr. that supplements the Cypress Advisory Services Ltd., LLP Brochure. You should have received a copy of that Brochure. Please contact Paul Palmer, Jr. if you did not receive Cypress Advisory Services' Brochure or if you have any questions about the contents of this supplement.**

**Additional information about Paul Palmer, Jr. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Item 2- Educational Background and Business Experience**

Paul E. Palmer, Jr. - Born 1958

**Education Background:**

Graduated with a BS degree in Business Administration from Louisiana State University in 1980. Mr. Palmer also earned his Certified Financial Planner (CFP®) designation in 1986 and the Chartered Life Underwriter (CLU®) designation in 1996 and is a graduate of the College For Financial Planning's CFP Certification Education Program.

### **Additional Information on Professional Designations:**

- **CFP:** The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”).

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 62,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board’s studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor’s Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board’s financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- Examination – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one’s ability to correctly diagnose financial planning issues and apply one’s knowledge of financial planning to real world circumstances;
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by CFP Board’s Standards of Professional Conduct, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the Code of Ethics and other parts of the Standards of Professional Conduct, to maintain competence and keep up with developments in the financial planning field; and

- **Ethics** – Renew an agreement to be bound by the Standards of Professional Conduct. The Standards prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board’s enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

- **CLU:** To receive the CLU® designation, you must successfully complete all courses in your selected program, meet experience requirements and ethics standards, and agree to comply with The American College Code of Ethics and Procedures.

**Business Background:**

10/2005 – Present: Cypress Advisory Services Ltd., LLP, Managing Principal

10/2005 – Present: Cypress Advisory Management, Inc., President

10/1993 – 10/2005 - Cypress Advisory Services, a sole proprietorship, President/Owner

### **Item 3- Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item.

### **Item 4- Other Business Activities**

- E. As detailed in Cypress Advisory’s ADV Part II A Item 10C, Cypress Advisory Services Ltd., LLP is licensed as an insurance agency with Paul Palmer, Jr. as an agent holding his Texas General Lines insurance license. In this capacity Cypress Advisory acts as a broker for term and permanent life insurance, disability insurance, fixed rate annuities, and long-term care insurance. These insurance products are risk management tools and may be appropriate and suitable for many clients. Since Cypress Advisory has found that sending the client to another company to purchase the above insurance does not typically result in a discount, Cypress Advisory offers to serve as the client’s representative and broker of record in the purchase. The commissions are always fully disclosed to the client and it is only at the request of our clients that we represent them as an insurance broker in the insurance marketplace. Additionally, the client is informed that they can always use an outside broker for their insurance purchases. The insurance activities comprise less than

5% of our business activities. As such, associated persons of Cypress Advisory are licensed insurance brokers and sell insurance products (i.e. term life, disability, and long-term care) to the clients of Cypress Advisory.

#### **Item 5- Additional Compensation**

Paul Palmer, Jr. does not receive any economic benefits, sales awards, or other compensation in connection with providing advisory services to clients.

#### **Item 6 - Supervision**

Paul Palmer, Jr. serves in multiple capacities for Cypress Advisory Services including:

- Managing Principal and Limited Partner
- Business Development
- Internal accounting
- Client Insurance Analysis
- 

We recognize that the lack of segregation of duties may potentially create conflicts of interest, however, our policies and procedures ensure timely and accurate recordkeeping and supervision, and all client financial plans and major portfolio shifts (i.e. not portfolio rebalancing) are jointly reviewed with all business partners prior to implementation. Paul Palmer, Jr. and Kurt Box are the sole partners Cypress Advisory Services Ltd., LLP and as such, are responsible for supervision of all business and advisory activities.

#### **Item 7- Requirements for State-Registered Advisers**

State registered investment adviser representatives are required to disclose all material facts regarding certain legal, disciplinary or financial events that would be material to the evaluation of the representative. Paul Palmer, Jr. is currently not subject to, nor has ever been subject to, any legal, disciplinary or financial events of a this nature.

**Item 1- Cover Page**

**Cypress Advisory Services Ltd., LLP**  
**Form ADV Part 2B – Individual Disclosure Brochure**  
**for**  
**Kurt Louis Box**

**Cypress Advisory Services Ltd., LLP**  
820 Gessner Ste. 1450, Houston, TX 77024  
Phone: 713 827-8014

Website: [www.cypressadvisory.com](http://www.cypressadvisory.com)

Email: [kurt@cypressadvisory.com](mailto:kurt@cypressadvisory.com)

March 24, 2011

**This Brochure Supplement provides information about Kurt Box that supplements the Cypress Advisory Services Ltd., LLP Brochure. You should have received a copy of that Brochure. Please contact Kurt Box if you did not receive Cypress Advisory Services' Brochure or if you have any questions about the contents of this supplement.**

**Additional information about Kurt Box is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Item 2- Educational Background and Business Experience**

Kurt Louis Box - Born 1976

**Education Background:**

Graduated Magna Cum Laude with a BS degree in Accounting from Texas A&M University and Master's of Science (MS) in Finance from Texas A&M University. Mr. Box has also earned his Certified Financial Planner (CFP®) designation, the Accredited Investor Advisor (AIF) designation and is a graduate of the College For Financial Planning's CFP Certification Education Program.

### **Additional Information on Professional Designations:**

- **CFP:** The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”).

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 62,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board’s studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor’s Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board’s financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- Examination – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one’s ability to correctly diagnose financial planning issues and apply one’s knowledge of financial planning to real world circumstances;
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by CFP Board’s Standards of Professional Conduct, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the Code of Ethics and other parts of the Standards of Professional Conduct, to maintain competence and keep up with developments in the financial planning field; and

- **Ethics** – Renew an agreement to be bound by the Standards of Professional Conduct. The Standards prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.  
CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board’s enforcement process, which could result in suspension or permanent revocation of their CFP® certification.
- **AIF:** The AIF designation certifies that the recipient has specialized knowledge of fiduciary standards of care and their application to the investment management process. To receive the AIF designation, individuals must complete a training program, successfully pass a comprehensive, closed-book final examination under the supervision of a proctor and agree to abide by the AIF Code of Ethics. In order to maintain the AIF designation, the individual must annually renew their affirmation of the AIF Code of Ethics and complete six hours of continuing education credits. The certification is administered by the Center for Fiduciary Studies, LLC (a Fiduciary360 (fi360) company).

**Business Background:**

10/2005 - Present: Cypress Advisory Services Ltd., LLP, Principal and Chief Compliance Officer

04/2003 - 10/2005 - Cypress Advisory Services, Principal

01/2001 – 04/2003 – Sanders Morris Harris, Investment Banking Analyst

06/2000 – 12/2001 – Tenfold Corporation, Software Developer

### **Item 3- Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item.

### **Item 4- Other Business Activities**

- F. As detailed in Cypress Advisory’s ADV Part II A Item 10C, Cypress Advisory Services Ltd., LP is licensed as an insurance agency with Kurt Box as an agent holding his Texas General Lines insurance license. In this capacity Cypress Advisory acts as a broker for term and permanent life insurance, disability insurance, fixed rate annuities, and long-term care insurance. Each of these are risk management tools and may be appropriate and suitable for many clients. Since Cypress Advisory has found that sending the client to another company to purchase the above insurance does not typically result in a discount, Cypress Advisory offers to serve as the

client's representative and broker of record in the purchase. The commissions are always fully disclosed to the client and it is only at the request of our clients that we represent them as an insurance broker in the insurance marketplace. Additionally, the client is informed that they can always use an outside broker for their insurance purchases. The insurance activities comprise less than 5% of our business activities. As such, associated persons of Cypress Advisory are licensed insurance brokers and sell insurance products (i.e. term life, disability, and long-term care) to the clients of Cypress Advisory.

### **Item 5- Additional Compensation**

Kurt Box does not receive any economic benefits, sales awards, or other compensation in connection with providing advisory services to clients.

### **Item 6 - Supervision**

Kurt Box serves in multiple capacities for Cypress Advisory Services including:

- Principal and Owner
- Client financial plan preparation
- Client portfolio management and trading
- Chief Compliance Officer

We recognize that the lack of segregation of duties may potentially create conflicts of interest. However, our policies and procedures ensure timely and accurate recordkeeping and supervision, and all client financial plans and major portfolio shifts (i.e. not portfolio rebalancing) are discussed with and review by Kurt's business partner, Paul Palmer, Jr., prior to implementation.