

## Firm Brochure

(Part 2A of Form ADV)

**DRG Investment Advisory Services LLC**

**151 S. Rose Street, Ste. 623**

**Kalamazoo, Michigan 49007**

**269-381-1788**

**[dgiffin@giffinfinancial.com](mailto:dgiffin@giffinfinancial.com)**

This brochure provides information about the qualifications & business practices of DRG Investment Advisory Services LLC. If you have any questions about the contents of this brochure, please contact us at 269-381-1788 or by email at [dgiffin@giffinfinancial.com](mailto:dgiffin@giffinfinancial.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State securities authority.

Additional information about DRG Investment Advisory Services LLC also is available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov)

The title of "Registered Investment Adviser" does not imply a certain level of skill or training.

February 3, 2012

## Material Changes

### A. Annual Update

This brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

### B. Brochure Availability

Anytime you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at 269-381-1788 or by email at [dgiffin@giffinfinancial.com](mailto:dgiffin@giffinfinancial.com)

### C. Material Changes since Last Update

Effective March 5, 2012, DRG Investment Advisory Services LLC will be using RBC Correspondent Services as its Clearing Firm.

<b>Table of Contents</b>	<b>Page #</b>
Material Changes	2
Advisory Business	4
Fees & Compensation	5
Performance Based Fees	5
Types of Clients	6
Methods of Analysis, Investment Strategies and Risk of Loss	7
Disciplinary Information	8
Other Financial Industry Activities	8
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	8
Brokerage Practices	9
Review of Accounts	9
Client Referrals and Other Compensation	10
Custody	10
Investment Discretion	10
Voting Client Securities	10
Financial Information	11

## Advisory Business

- A. DRG Investment Advisory Services LLC was founded in 2006.

David R. Giffin is the Owner.

DRG Investment Advisory Services LLC provides personalized confidential investment management to individuals, pension and profit sharing plans, trusts, estates and small businesses. Advice is provided through consultation with the client and may include: determination of financial objectives, identification of financial problems, cash flow management, tax planning, insurance review, investment management, education funding, retirement planning and estate planning.

DRG Investment Advisory Services LLC offers discretionary asset management services to advisory clients. DRG Investment Advisory Services LLC offers clients ongoing portfolio management services by determining individual investment goals, time horizons, objectives, and risk tolerance. Investment strategies, investment selection, asset allocation, portfolio monitoring and the overall investment program are based on these factors. The client gives DRG Investment Advisory Services LLC discretionary authority to make transactions as stated within the Investment Advisory Agreement.

The initial meeting, which may be by telephone, is free of charge and is used to determine if investment management may be beneficial to the client.

Other professionals (e.g.: lawyers, accountants, insurance agents, etc.) are engaged by the client as required. Any conflict of interest will be disclosed to the client.

- B. DRG Investment Advisory Services LLC provides investment asset management services and furnishes investment advice through consultations. DRG Investment Advisory Services LLC often consults with clients on matters not involving securities, such as financial planning, tax issues, trust services and estate planning.

- C. Goals and objectives for each client are on our Client Data Information Sheet. Clients may place restrictions on the type of investments in their accounts.
- D. DRG Investment Advisory Services LLC does not charge wrap-fees. DRG Investment Advisory Services LLC is a fee-only investment management firm. This firm is not affiliated with entities that sell financial products or securities. No commissions in any form are accepted. No referral or finder's fees are accepted.
- E. All accounts are managed on a discretionary basis. As of December 31, 2011, DRG Investment Services LLC client assets under management were \$75,023,173.

## **Fees and Compensation**

- A. Each month the account(s) will be charged a management fee of 0.0833 percent of the previous month end account balance. For those clients with account balances in excess of \$5,000,000 the fee will be 0.05833 percent of the previous month end account balance. The client may initiate up to 12 trades per month for listed securities with no additional fees being assessed to their account. Any additional trades shall incur fees at the rate imposed by the Clearing Firm.
- B. The management fees will be paid directly from the client's account held by the clearing firm. These fees will be deducted on a monthly basis. The amount of the management fee deducted will be on the statement provided by the Clearing Firm. The fee is not negotiable.
- C. The Clearing Firm charges small fees on some transactions. These charges are usually small and incidental to the purchase or sale of a security. The Clearing Firm also charges an annual IRA custodial fee. Both these fees are paid by the client in addition to the management fee.

## **Performance-Based Fees**

DRG Investment Advisory Services LLC does not charge performance-based fees.

## Types of Clients

DRG Investment Advisory Services LLC provides investment advice to individuals, pension and profit sharing plans, trusts, estates, and small businesses.

DRG Investment Advisory Services LLC prefers to open accounts with a minimum of \$100,000 but this minimum can be waived at the discretion of David R. Giffin.

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

- A. Security analysis methods may include fundamental, technical or cyclical analysis. The primary sources of information include independent research firms, financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with Securities and Exchange Commission, and company press releases.

Each client completes an information sheet that documents their objectives. The investment strategy for a specific client is based upon the objectives stated by the client during consultations and on their information sheet. The client may change these objectives at any time.

- B. Investing in securities involves risk of loss that clients should be prepared to bear. While DRG Investment Advisory Services LLC keeps the risk of loss in mind, investors face the following investment risks.

- **Interest-rate Risk:** Changes in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.

- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

## Disciplinary Information

DRG Investment Advisory Services LLC has not been involved in any legal or disciplinary events.

## Other Financial Industry Activities and Affiliations

David R. Giffin, the Owner, also engages in the following business activities:

1. Giffin Mortgage Company Inc., President, 24 hours/month

David R. Giffin may offer securities in Giffin Mortgage Company Inc. to clients. Giffin Mortgage Company Inc. is wholly owned by David R. Giffin. Prior to investing in Giffin Mortgage Company Inc., the ownership interests and potential conflicts of interest are fully disclosed to clients. As part of its business Giffin Mortgage Company Inc. has from time to time made loans to entities that are also investment clients of DRG Investment Advisory Services LLC. Loans have also been made to David R. Giffin or entities controlled by David R. Giffin.

2. Giffin Management Group Inc., CEO, 5 hours/month
3. Pension Systems, Inc., President, 5 hours/month
4. Marina Management Group Inc. dba Grand Isle Marina, President, 5 hours/month

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

- A. DRG Investment Advisory Services LLC and its employees have committed to a Code of Ethics in which they owe a duty of loyalty, fairness and good faith to the clients, and the obligation to adhere not only to specific provisions of the Code but to the general principles that guide the Code. The Code of Ethics covers a range of topics that may include: general ethical principles, receipt and giving of gifts, reporting personal securities trading, exceptions to reporting securities trading, reportable securities, initial public offerings and private placements, reporting ethical violations, distribution of the Code of Ethics, review and enforcement processes, amendments to Form ADV and supervisory procedures. DRG Investment Advisory Services LLC will provide a copy of the Code of Ethics upon request.
- B. DRG Investment Advisory Services LLC and its employees may buy or sell securities that are also held by clients. The employees are



prohibited from trading the same securities for their own accounts until client transactions in the same securities have been completed. The interests of DRG Investment Advisory Services LLC's clients will prevail over the employee's interest.

- C. The Chief Compliance Officer of DRG Investment Advisory Services LLC is David R. Giffin. He reviews all employee trades monthly. The trades of David R. Giffin are reviewed monthly by himself. The personal trading reviews ensure that personal trading of the employees does not affect markets, and that the clients of the firm receive preferential treatment.

## **Brokerage Practices**

DRG Investment Advisory Services LLC does not receive any soft dollar benefits, such as research literature, for placing your business with the Clearing Firm. Until March 2, 2012 DRG Investment Advisory Services LLC will be using Mesirow Financial, Inc. as its Clearing Firm. On March 5, 2012 DRG Investment Advisory Services LLC will use RBC Correspondent Services as its Clearing Firm. DRG Investment Advisory Services LLC relies on its Clearing Firm to provide its execution services at the best buy/sell prices available. DRG Investment Advisory Services LLC pays for execution fees charged by the Clearing Firm. Clients pay for any and all custodial fees in addition to the advisory fee charged by DRG Investment Advisory Services LLC.

DRG Investment Advisory Services LLC receives a best execution report provided by the Clearing Firm quarterly. The report is located in the DRG Investment Advisory Services LLC Compliance Manual.

## **Review of Accounts**

- A. Account reviews are performed by David R. Giffin.
- B. Conditions that may trigger reviews would be:
- Changes in the tax laws
  - New investment information
  - Changes in a client's objectives

## **Client Referrals and Other Compensation**

- A. DRG Investment Advisory Services LLC does not accept referral fees or any form of payment from other professionals when a prospect or client is referred to them.
- B. Referrals may come from current clients, attorneys, accountants, employees, personal friends of employees and other similar sources. The firm does not compensate referring parties for these referrals.

## **Custody**

Monthly statements are sent by the Clearing Firm directly to clients who had activity during that month. Every client receives a quarterly statement from the Clearing Firm regardless of the activity level in the account.

From time to time, DRG Investment Advisory Services LLC will generate account statements for clients. These statements should always be compared to the statements received directly from the Clearing Firm.

## **Investment Discretion**

DRG Investment Advisory Services LLC has discretionary authority to manage securities accounts on behalf of clients. DRG Investment Advisory Services LLC has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. Clients may place restrictions on the type of investments in their accounts.

A Discretionary Trading Authority form is signed by each client.

## **Voting Client Securities**

DRG Investment Advisory Services LLC does not vote proxies on securities. Clients are expected to vote their own proxies.

When assistance on voting proxies is requested, DRG Investment Advisory Services LLC will provide recommendations to the Client. If a conflict of interest exists, it will be disclosed to the Client.

## **Financial Information**

DRG Investment Advisory Services LLC is not aware of any financial condition that would impair its ability to meet contractual commitments to clients.

## Part 2B of Form ADV: *Brochure Supplement*

### Cover Page

#### A.

1. David R. Giffin  
151 S. Rose Street, Ste 623  
Kalamazoo, MI 49007  
269-381-1788
2. DRG Investment Advisory Services LLC  
151 S. Rose Street, Ste. 623  
Kalamazoo, MI 49007  
269-381-1788
3. February 3, 2012

- B. This brochure supplement provides information about David R. Giffin that supplements the DRG Investment Advisory Services LLC brochure. You should have received a copy of that brochure. Please contact David R. Giffin if you did not receive DRG Investment Advisory Services LLC's brochure or if you have any questions about the contents of this supplement.**

### Educational Background and Business Experience

David R. Giffin

DOB: 09/25/1944

## **Educational Background**

- General Motors Institute (now Kettering University) – B.S. in Industrial Engineering

## **Business Background**

David R. Giffin entered the investment securities business in 1969 as a Registered Representative and used the following as Broker/Dealer firms until forming DRG Investment Advisory Services LLC in November 2006

- 09/1969 – 09/1979 IDS/American Express Inc.
- 08/1979 – 12/1980 Universal Heritage Investments Corp.
- 12/1980 – 02/1987 FSC Securities Corporation
- 02/1987 – 10/1990 American Capital Equities
- 10/1990 – 11/2006 Beaconsfield Financial Services, Inc.
- 11/2006 – Present DRG Investment Advisory Services LLC

## **Disciplinary Information**

David R. Giffin has not been involved in any disciplinary actions.

## **Other Business Activities**

1. Giffin Mortgage Company Inc., President, 24 hours/month
2. Giffin Management Group Inc., CEO, 5 hours/month
3. Pension Systems, Inc., President, 5 hours/month
4. Marina Management Group Inc. dba Grand Isle Marina, President, 5 hours/month

## **Additional Compensation**

David R. Giffin does not receive any additional compensation other than his normal salary. He does not receive any economic benefits such as sales awards, prizes, bonuses based on sales, client referrals or for new accounts.

## **Supervision**

As Chief Compliance Officer of DRG Investment Advisory Services LLC, David R. Giffin monitors his actions to assure that the client's interest always come first, that his personal trades do not affect the markets and that his advice is appropriate for the client.

## **Additional Disciplinary Information**

- A.** Arbitration or Civil claims - none
- B.** Bankruptcy - none