

RJR Investment Service, LLC

Firm Brochure - Form ADV Part 2A

This brochure provides information about the qualifications and business practices of RJR Investment Service, LLC. If you have any questions about the contents of this brochure, please contact us at (801) 619-6306 or by email at: rlucky@rjrinvest.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 RJR Investment Service, LLC is also available on the SEC's website at www.adviserinfo.sec.gov. RJR Investment Service, LLC's CRD number is: 148843

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Registration does not imply a certain level of skill or training.

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Item 2: Material Changes

RJR Investment Service, LLC has transitioned from SEC to state registration since the previous annual amendment filed on March 26, 2012.

Item 3: Table of Contents

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Item 4: Advisory Business

A. Description of the Advisory Firm

RJR Investment Service, LLC is a Limited Liability Company organized in the State of Utah, County of Salt Lake. RJR Investments defines itself by its motto: "Where trust and personalized service come first." We focus on every avenue available to us to improve service and investment performance for you, our clients.

This firm was formed in October of 2008, and has been in business since December of 2008, and the principal owners are Richard T. Budge, Jeffrey Kahn and Roshelle C. Lucky.

B. Types of Advisory Services

RJR Investment Service, LLC (hereinafter "RJR Investments") offers the following services to advisory clients:

Investment Supervisory Services

RJR Investments offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. RJR Investments creates an Investment Policy Statement for each client, which outlines the client's current situation (income, tax levels, and risk tolerance levels) and then constructs a plan (the Investment Policy Statement) to aid in the selection of a portfolio that matches each client's specific situation. Investment Supervisory Services include, but are not limited to, the following:

- | | |
|-----------------------|--------------------------------|
| • Investment strategy | • Personal investment policy |
| • Asset allocation | • Asset selection |
| • Risk tolerance | • Regular portfolio monitoring |

RJR Investments evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. RJR Investments will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

Services Limited to Specific Types of Investments

RJR Investments generally limits its investment advice and/or money management to equities, bonds, ETFs, publicly traded call and put options, fixed income, debt securities,

mutual funds, REITs, and government securities. As conditions are appropriate, indirect investments in precious metals, foreign securities, and real estate are carried out through publicly-traded U.S. ETFs, ADRs, and other U.S. dollar-denominated funds/securities. RJR Investments may use other securities as well to help diversify a portfolio when applicable.

RJR aggressively engages in covered call writing (selling) strategies for those clients who have given their written authorization. It does so to (a) generate monthly cash flow in accounts, (b) promote lower account volatility, (c) increase monthly compound returns, (d) increase adaptation to evolving economic conditions, and (e) manipulate security allocations toward greater growth, or more conservatism, depending upon client objectives and economic conditions. RJR invests in uncovered options, and engages in other option strategies only with your written consent. Clients must indicate on the RJR Investment Objective form whether they opt into or out of option investment strategies.

C. Client Tailored Services and Client Imposed Restrictions

RJR Investments offers the same suite of services to all of its clients. However, specific client financial plans and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels) and is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent RJR Investments from properly servicing the client account, or if the restrictions would require RJR Investments to perform services not readily available, RJR Investments reserves the right to end the relationship.

D. Wrap Fee Programs

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and any other administrative fees. RJR Investments DOES NOT participate in any wrap fee programs.

E. Amounts Under Management

RJR Investments has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$37,942,000.00	\$0.00	03/23/2012

Item 5: Fees and Compensation

A. Fee Schedule

Investment Supervisory Services Fees

Total Assets Under Management	Annual Fee
\$1 - \$1,000,000	1.00%
\$1,000,001 - \$3,000,000	0.60%
\$3,000,001 - \$5,000,000	0.40%
Exceeding \$5,000,000	Negotiable

Accounts with market values under \$37,500 will be charged an annual fee equal to 2.00%; accounts valued between \$37,500 and \$75,000 will incur a minimum annual fee equal to \$750. These fees are negotiable depending upon the needs of the client and complexity of the situation and the final fee schedule is attached as Exhibit II of the Investment Advisory Contract. Fees are paid monthly in arrears, and clients may terminate their contracts with written notice.

Because fees are charged in arrears, no refund policy is necessary. Clients may terminate their accounts without penalty within 5 business days of signing the advisory contract. Advisory fees are withdrawn directly from the client's accounts with client written authorization.

RJR Investments will meet the following five conditions when withdrawing fees directly from client accounts.

1. RJR Investments will obtain written client authorization which permits the adviser's fees to be paid directly from the client's account by the account custodian.
2. RJR Investments will contract with the custodian to send the client, at least quarterly, a statement indicating all amounts disbursed from the account.
3. RJR Investments will send a statement to clients showing the amount of its fee, the value of the client's assets upon which the fee was based, and the specific manner in which the fee was calculated.
4. RJR Investments will disclose to clients that it is the client's responsibility to verify the accuracy of the fee calculation and that the custodian will not determine whether the fee is properly calculated.

5. RJR Investments will send the custodian a bill indicating the fee to be paid to RJR Investments.

B. Payment of Fees

Payment of Investment Supervisory Fees

Advisory fees are withdrawn directly from the client's accounts with client written authorization. Fees are paid monthly in arrears. Advisory fees may also be invoiced and billed directly to the client for payment within fifteen days of invoice. Clients may select the method by which they are billed.

C. Clients Are Responsible For Third Party Fees

Clients are responsible for the payment of all third party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by RJR Investments. Please see Item 12 of this brochure regarding broker/custodian.

D. Prepayment of Fees

RJR Investments collects its fees in arrears. It does not collect fees in advance.

E. Outside Compensation For the Sale of Securities to Clients

Neither RJR Investments nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or services fees from the sale of mutual funds.

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

RJR Investments does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

Item 7: Types of Clients

RJR Investments generally provides investment advice and/or management supervisory services to the following types of clients:

- ❖ Individuals

- ❖ High-Net-Worth Individuals
- ❖ Trusts- including special needs trusts
- ❖ Pension and Profit Sharing Plans
- ❖ Corporations or Business Entities

RJR principals have experience in, and welcome, charitable trusts, foundations, endowments, and other institutional accounts.

Minimum Account Size

There is no account minimum.

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

A. Methods of Analysis and Investment Strategies

Methods of Analysis

RJR begins its analysis with a general assessment of global economic trends, such as interest rate pressures, GDP growth, corporate profitability, employment trends, foreign currency exchange rate issues, debt financing issues, and political realities.

The next step is to compare our findings with their potential for the achievement of your investment objectives. We value historical information about economic trends, but are convinced that today's technological advances and the incredible speed of global communication make a huge difference to our analysis. Any view of financial market history must include the effects of current, rapidly-changing conditions. That requires knowledge of the social sciences as well as economics, expertise in financial analysis as well as experience with financial markets.

Our investment selections utilize research and information generated by others, but we apply our own judgment as to the suitability of the investments for your account. We consider the following kinds of analysis in the process:

Fundamental analysis: This type of analysis concentrates on revenue and profit growth, profit margins and expense trends. It considers asset quality, debt levels and cash flows. Major emphasis is also placed upon a company's market growth and competitive position in that market. Fundamental analysis involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages to determine the financial strength of a company.

Technical analysis: Technical analysis uses statistics to determine trends in security prices. It looks at prices and trading volume as indicators of momentum in the market. RJR uses technical analysis to identify “buy” points and to select securities with positive momentum after it has passed our fundamental analysis test.

Value analysis: RJR’s portfolio manager comes from a value investing background. That training serves as a restraint to our paying excessive prices for growth opportunities and focuses our attention more on fundamental analysis. Value analysis focuses on securities that appear to be grossly undervalued, using as measuring sticks ratios related to earnings, sales, cash flow, debt, and dividend yields.

RJR’s Investment Strategies

RJR Investments differs from many other investment advisors in that your account is not assigned to a “strategy bucket” with other clients who have identical holdings. Rather, securities identified under one or more of the strategies/approaches shown below are placed into your portfolio, as appropriate, to accomplish your investment objective. While we may have groups of accounts that have similar holdings, we structure each account individually according to your investment objective, including your cash needs, your risk tolerance, anticipated events in your life, contingencies for unanticipated events, and your wishes, or legal requirements, pertaining to successor beneficiaries—all of which may have a bearing on how we manage your account. As the aforementioned matters evolve, we would appreciate your input so that the management of your account will remain consistent with your circumstances. RJR Investments uses both long-term investment and short-term trading strategies.

Asset allocation: RJR attempts to optimize investment performance by investing in a variety of economic sectors seen to be best positioned for growth both in the short-term and long-term. Diversification is sought from leaders in the most promising sectors, and from a few exceptional opportunities in certain other sectors. We do not attempt to invest in all major asset classes at any given time, but believe each asset class will have periods when it appears particularly promising.

Concentrated investment strategies: Due to our emphasis on investing in the most promising economic sectors, our portfolios tend to have some concentration in the top-performing sectors. As conditions in those sectors change, your “concentrated” account will tend to change more rapidly in value than the market. This volatility is tempered to some extent by the use of RJR’s option strategies. These strategies were designed to cushion price declines during adverse market conditions and to provide recurrent cash returns on your investments.

(NOTE: See the Item 8 section entitled, “Option Strategies.” You must give written approval before we may use options in your account)

Selling covered call options in your account has two positive effects: First, it generates weekly and monthly cash flow to your Account from the options sale. Second, the options’ market price nearly always moves in the opposite direction from its underlying

stock price. Both effects tend to temper the volatility common to concentrated investment strategies.

Finally, when RJR buys concentrations in economic sectors, it seeks to do so with substantial diversification among the subsectors of that sector. For example, if the concentration were in energy, we would have tried to diversify your investments among the subsets of the energy sector: oil producers, oil marketers, coal producers, tar sands companies, offshore drillers, natural gas, solar and/or wind power companies. We are vigilant, when we have concentrated sectors, to diversify as alternative, attractive opportunities become available.

Long-term “buy and hold” strategy: This strategy seeks to invest in companies of all sizes that have the potential for both short-term and long-term significant earnings growth. Fundamental financial strength, growth rates exceeding price/earnings ratios, and stock price momentum characterize most of the stocks selected. We also seek companies with competitive advantages over others in their particular business sectors, focusing on the strongest business sectors. Although our purchases are intended to result in multi-year profitability for you, we may find, in the ongoing research and review process, a company we like better than one currently held in your portfolio. We do not hesitate to upgrade your account when better holdings can be found, where we have the discretion to do so. By so doing, short-term gains and losses for tax purposes, may be greater than a “buy and hold” heading might imply.

The objectives of certain “buy and hold” clients call for investment in stocks with above-average dividend yields in addition to their growth potential. Few stocks satisfy both objectives well, but we make every effort to accommodate both objectives, when called for, in the process of building investment portfolios tailored to your specific needs.

Options strategies: Option strategies are available only through assets held in custody at Penson. For clients who approve the use of options in their Account(s), RJR invests primarily in those stocks which are also purchased for the “buy and hold” strategy. The option strategy will result in a much higher percentage of completed investments falling into the short-term gains and losses category with few trades becoming eligible for long-term gains and losses for tax reporting.

The following key ingredients of RJR’s options strategy determine its relative performance versus RJR’s “buy and hold” strategy. Option references generally refer to *call* options, but *put* options may be used, especially during market downturns.

- RJR’s options strategy is not so much an alternative to “buy and hold” as it is a refinement added to RJR’s basic “buy and hold” growth strategy.

RJR *sells* options to raise cash: It *buys* options infrequently. A “call” option buyer generally gains from upward changes in the underlying stock price. A “put” option buyer gains from associated stock price declines. An option *seller* receives cash up front from call or put buyers. When you sell a call, you promise to sell your underlying stock to a call buyer at a specified strike price (see below) until the option expires at zero value (normally less than 35 days later using RJR’s approach). You retain the cash received

upon option sale. If the option is exercised, you receive, in addition, the proceeds from sale of the stock at the strike price. If the option is not exercised, you retain the option cash received earlier and still own the underlying stock as though you had been using a “buy and hold” strategy. You are then in a position to repeat the process to raise additional cash for the following option period. Over 150 individual stocks and market indexes have weekly options that expire within eight days of their issuance, normally on Fridays.

The same principles apply, in the opposite direction, for put sellers. A put seller receives cash for agreeing to buy a stock from a put buyer when the subject stock drops below a specified strike price within a period of less than 35 days (RJR’s target maximum). RJR is just beginning to sell put options as an additional method of raising cash for your Account (Penson clients only, with written client approval) and as a way to buy stocks that you would have purchased anyway, but at significantly lower cost than current market prices.

- *Market volatility:* Higher volatility normally translates into higher option price levels, thereby generating higher cash premiums for your account. They may generate lower cash inflows to you when the underlying stock declines between purchase of a stock and sale of its associated call option.
- *The performance of the underlying security:* High option premiums rarely compensate you enough for continuing to hold a stock whose price is declining. That is why RJR prefers to invest in growth stocks from its “buy and hold” strategy as the underlying securities for covered call option sales.
- *Choice of a strike price:* The strike price is a primary determinant of option cash inflow and the amount of capital gain that may be realized. The economic outlook and the potential gain/loss in a stock/option combination lead to the choice of a strike price that tries to best achieve your investment objective. When the “right” strike prices are chosen, the options strategy will outperform the “buy and hold” strategy. Selecting the “right” strike price requires a combination of luck, judgment, and experience, in that order of importance. When all else is held equal, “buy and hold” strategies should outperform option strategies in highly positive markets, but options strategies would be expected, statistically, to outperform in less positive markets.

The time remaining before the option expires: A significant portion of each option premium is time value. Time value tends to deteriorate faster as the expiration date draws nearer. For this reason, RJR focuses its call option selling in your account to the closest month’s expiration (i.e., less than 35 days). This normally results in significant monthly cash inflow to your account and a short position (options sold without offsetting buys) to you that is rapidly on its way to zero value at expiration. Simplistically, if the stock price equals or exceeds the underlying option strike price, the stock will be sold at the strike price. When the strike price exceeds the stock price, the option will expire on the expiration date and you will retain the stock. The latter leaves you in the same position as the “buy and hold” investor with one exception - you will have permanently pocketed the option premium you received when the option was sold. The cash proceeds generated

through each monthly option cycle are then available for reinvestment in the best “buy and hold” securities then available. That sets in motion a new short-term options cycle.

B. Material Risks Involved

Methods of Analysis

Fundamental analysis concentrates on factors that determine a company’s value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

Investment Strategies

A buy and hold strategy is designed to capture market rates of both return and risk. The options strategies result in greater cash inflow up front, but risk cutting off additional capital gains that may occur before the short-term option’s expiration date. Short-term strategies always deduct additional transaction costs before determining the potential investment return/advantage to the client of doing a trade.

All investments involve risks of various kinds, including the risk of loss that you, as a client, should be prepared to bear. Historical returns and/or losses may not be indicative of what to expect in the future. Examples of factors that may alter future investment performance are changes in interest rates, global debt levels, government policies, changes in the law, changes in technology, tax rate changes, changes in market volatility, etc.

C. Risks of Specific Securities Utilized

RJR Investments generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets.

Risk of loss: Investments in all securities involve risks that clients should be prepared to bear. RJR considers the term, “risk,” to have multiple sources and a variety of effects. We regard risk as “anything which could reasonably occur in an investment portfolio that would prevent a client from achieving his investment objectives.”

Market Risk: That part of a security’s risk common to all securities of the same class (i.e., stocks or bonds) due to daily movement of prices in the financial markets. (Higher risk/reward for concentration portfolios).

Liquidity Risk: The risk that a security may not be able to be converted into cash when the cash is needed without meaningful loss in value. Liquidity risk arises when (a) no public market exists (e.g., direct ownership of real estate or private offerings), (b) contractually restricted (e.g., annuities and certain insurance contracts, (c) penalties exist

for selling, (e.g., back-end loaded mutual funds), (d) a security has a minimum holding period, and (e) any other impediment to selling an investment and receiving the cash proceeds within approximately one week. RJR does not invest your money in securities that can't be settled in cash by three days after the sale.

Company-specific Risk: Risk that adverse events will occur which may affect the price of a specific company. Examples: CEO has a heart attack, or manufacturing plant is destroyed by fire.

Interest Rate Risk: Asset values rise and fall in the opposite direction from actual and anticipated changes in interest rates. Bond prices reflect rate changes almost instantaneously. Stock prices also fluctuate in the opposite direction from changes in interest rates, but with less precision as to timing and amount. (Interest rate risk affects *all* investment categories.)

Currency Exchange Risk: Risk that fluctuation in foreign currency exchange rates may impact a company whose business is not carried on entirely in U. S. dollars. Many domestic companies have indirect currency exchange risk. (Common in large capitalization and international portfolios.)

Option Premium Risk: Often, RJR purchases stocks with a view toward selling associated call options on it at published prices (premiums) quickly thereafter. Prices on options constantly change. Those changes may be either favorable or unfavorable to your account and will affect the return that can be expected from selling the option. Options often limit stock capital gains while generating option capital gains. If a stock price has declined since purchase, option premiums may not be able to overcome the loss with one month's option premium. Frequently, option premium risk is a measure of lost opportunity for bigger gain rather than representing an actual cash loss relative to the underlying option cost.

Equity investment generally refers to buying shares of stocks by an individual or firms in return for receiving a future payment of dividends and capital gains if the value of the stock increases. There is an innate risk involved when purchasing a stock that it may decrease in value and the investment may incur a loss.

Treasury Inflation Protected/Inflation Linked Bonds: The Risk of default on these bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal.

Fixed Income is an investment that guarantees fixed periodic payments in the future that may involve economic risks such as inflationary risk, interest rate risk, default risk, etc. The guarantee is only as good as the issuer's repayment capability.

Debt securities carry risks such as the possibility of default on the principal, fluctuation in interest rates, and counterparties being unable to meet obligations.

Stocks & Exchange Traded Funds (ETF): Investing in stocks & ETF's carries the risk of capital loss (sometimes up to a 100% loss in the case of a company going bankrupt). Investments in these securities are not guaranteed or insured by the FDIC or any other government agency.

REITs have specific risks including valuation risk due to inadequate cash flows, dividends paid from capital rather than earnings, and the payment of debt resulting in dilution of share values.

Precious Metal ETFs (Gold, Silver, Palladium Bullion backed "electronic shares" not physical metal): Investing in precious metal ETFs carries the risk of capital loss.

Mutual Funds: Investing in mutual funds carries the risk of capital loss. Mutual funds are not guaranteed or insured by the FDIC or any other government agency. You can lose money investing in mutual funds. All mutual funds have costs that lower investment returns. They can be fixed income in nature or in stocks. Mutual funds have liquidity and expense ratio characteristics that may result in higher risks to an investor than are present in similar ETFs.

Long term trading is designed to capture market rates of both return and risk. Due to its nature, a long-term investment strategy can expose clients to various other types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

Short term trading risks include liquidity, economic stability and inflation. Market changes may occur in nano-seconds. All trading risks have the potential for abrupt price changes in any unfinished trade elements, thereby altering the trade's attractiveness.

Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

Item 9: Disciplinary Information

A. Criminal or Civil Actions

There are no criminal or civil actions to report.

B. Administrative Proceedings

There are no administrative proceedings to report.

C. Self-regulatory Organization (SRO) Proceedings

There are no self-regulatory organization proceedings to report.

Item 10: Other Financial Industry Activities and Affiliations

A. Registration as a Broker/Dealer or Broker/Dealer Representative

Neither RJR Investments nor its representatives are registered as or have pending applications to become a broker/dealer or as representatives of a broker/dealer.

B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor

Neither RJR Investments nor its representatives are registered as or have pending applications to become a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor.

C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests

Neither RJR Investments nor its representatives have any material relationships to this advisory business that would present a possible conflict of interest.

Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections

RJR Investments does not utilize nor select other advisers or third party managers. All assets are managed by RJR Investment's registered investment advisor representative.

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

A. Code of Ethics

RJR Investments is committed to providing portfolio management and investment advisory services with the utmost standards of integrity and in the best interests of our clients.

We have a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual

Review, and Sanctions. Our Code of Ethics is available free upon request to any client or prospective client.

B. Recommendations Involving Material Financial Interests

RJR Investments does not recommend that clients buy or sell any security in which a related person to RJR Investments or RJR Investments has a material financial interest.

C. Investing Personal Money in the Same Securities as Clients

Representatives of RJR Investments may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of RJR Investments to buy or sell the same securities before or after recommending the same securities to clients. Such transactions shall not be conducted by RJR personnel unless conditions under items (b), (c) *and* (d) are met *and either* (a) or (b) are met in order to avoid a conflict of interest:

- (a) The trading volume of the RJR representative's trades shall constitute less than two-tenths of 1% of the day's trading volume in the subject's stock.
- (b) The RJR representative's trade shall be on the same side of the market as the RJR trade, and shall be consistent with the objectives of RJR's trade.
- (c) The RJR representative's trade shall be at a limit price, which limit price would not move market prices in a manner disadvantageous to RJR clients.
- (d) RJR personnel shall not allocate to themselves shares in a purchase or sale when a client is denied his full allocation, and RJR's client(s) could be advantageously allocated the RJR representative's shares, (i.e., if both are in the same block trade).
- (e) RJR personnel may not trade in a security also traded the same day by RJR for its clients if their incentive to trade would likely be altered had RJR not traded its clients' shares that day.

D. Trading Securities At/Around the Same Time as Clients' Securities

Representatives of RJR Investments may buy or sell securities for themselves at or around the same time as RJR trades for its clients. Such transactions may create a conflict of interest. To avoid such conflict, the standards outlined in Section C, above, shall be required for all same day trades regardless of the sequence in which they occur.

Item 12: Brokerage Practices

A. Factors Used to Select Custodians and/or Broker/Dealers

The Custodians, Bank of Oklahoma and Penson Financial Services, were chosen based on their relatively low transaction fees and the quality of their services which benefit,

directly or indirectly, RJR clients. RJR Investments will never charge a premium or commission on transactions, beyond the actual cost imposed by Custodian.

1. Research and Other Soft-Dollar Benefits

RJR Investments receives no research, product, or services other than execution from a broker-dealer or third-party in connection with client securities transactions (“soft dollar benefits”).

2. Brokerage for Client Referrals

RJR Investments receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

3. Clients Directing Which Broker/Dealer/Custodian to Use

RJR Investments allows clients to choose either custodian, Bank of Oklahoma or Penson Financial Services. Clients however, must use either of the recommended custodians (broker-dealer), and cannot utilize an alternative custodian without the prior unanimous consent of all RJR members.

B. Aggregating (Block) Trading for Multiple Client Accounts

RJR Investments maintains the ability to block trade purchases across accounts. Block trading may benefit a large group of clients by providing RJR Investments the ability to purchase larger blocks resulting in quicker and more efficient execution for clients. Block trades may be especially advantageous when timing is critical and market prices are volatile.

Item 13: Reviews of Accounts

A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews

Investment Supervisory accounts are reviewed continuously by Richard T. Budge, CEO, only. Richard T. Budge is the chief advisor and reviews clients’ accounts with regard to their investment policies, investment holdings, and risk tolerance levels. All accounts at RJR Investments are assigned to this reviewer.

B. Factors That Will Trigger a Non-Periodic Review of Client Accounts

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, need for extraordinary distribution, or inheritance).

C. Content and Frequency of Regular Reports Provided to Clients

Each client will receive at least quarterly from the custodian, a written report that details the client's account including assets held, transactions undertaken, and asset values.

Item 14: Client Referrals and Other Compensation

A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)

RJR Investments does not receive any economic benefit, directly or indirectly from any third party for advice rendered to RJR Investments clients.

B. Compensation to Non - Advisory Personnel for Client Referrals

RJR Investments does not directly or indirectly compensate any person for client referrals.

Item 15: Custody

RJR Investments, with client written authority, has limited custody of client's assets through direct fee deduction of RJR Investments' Fees only. If the client chooses to be billed directly by Bank of Oklahoma or Person Financial Services, RJR Investments would have constructive custody over that account and must have written authorization from the client to do so. Clients will receive all required account statements and billing invoices that are required in each jurisdiction. Clients should carefully review those statements for accuracy.

Item 16: Investment Discretion

For those client accounts where RJR Investments provides ongoing supervision, the client has given RJR Investments written discretionary authority over the client's accounts with respect to securities to be bought or sold and the amount of securities to be bought or sold. Details of this

relationship are fully disclosed to the client before any advisory relationship has commenced. The client provides RJR Investments discretionary authority via a limited power of attorney in the Investment Advisory Contract and in the contract between the client and the custodian.

Item 17: Voting Client Securities (Proxy Voting)

RJR Investments will accept voting authority for client securities in certain cases. When RJR Investments does accept voting authority for client securities, it will always seek to vote in the best interests of its clients. RJR Investments generally votes with management unless doing so conveys excessive power to management that may not be in the best interest of RJR's client(s). Clients may direct RJR Investments on how to vote client securities by communicating their wishes in writing or electronically to RJR Investments. When voting client proxies RJR Investments will always hold the interests of its clients above its own interests. Clients of RJR Investments may obtain the voting record of RJR Investments on client securities by contacting RJR Investments at phone number or e-mail address listed on the cover page of this brochure. Clients may obtain a copy of RJR Investments' proxy voting policies and procedures upon request.

Item 18: Financial Information

A. Balance Sheet

RJR Investments does not require nor solicit prepayment of more than \$500 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients

Neither RJR Investments nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

C. Bankruptcy Petitions in Previous Ten Years

RJR Investments has not been the subject of a bankruptcy petition in the last ten years.

Item 19: Requirements For State Registered Advisers

A. Principal Executive Officers and Management Persons; Their Formal Education and Business Background

RJR Investments currently has three management person/owners; however only Richard T. Budge provides investment advice to clients. Richard T. Budge's education and business background can be found on the Supplemental ADV Part 2B form.

B. Other Businesses in Which This Advisory Firm or its Personnel are Engaged and Time Spent on Those (If Any)

Richard T. Budge's other business activities can be found on the Supplemental ADV Part 2B form.

C. How Performance Based Fees are Calculated and Degree of Risk to Clients

RJR Investments does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

D. Material Disciplinary Disclosures for Management Persons of this Firm

No management person at RJR Investments or RJR Investments has been involved in an arbitration claim or been found liable in a civil, self-regulatory organization, or administrative proceeding that is material or pertinent to the client's evaluation of the firm or its management.

E. Material Relationships That Management Persons Have With Issuers of Securities (If Any)

Neither RJR Investments, nor its management persons, has any relationship or arrangement with issuers of securities.