

# Diversified Investment Strategies, LLC

SEC File Number: 801 – 67260

## Diversified Investment Strategies, LLC

### Brochure

### Dated 1/27/2014

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**This brochure provides information about the qualifications and business practices of Diversified Investment Strategies, LLC (the “Registrant”). If you have any questions about the contents of this brochure, please contact us at (225) 292-0687 or [shane@disria.com](mailto:shane@disria.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 Diversified Investment Strategies, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**References herein to Diversified Investment Strategies, LLC as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.**

**Item 2           Material Changes**

We have not made any material changes to our ADV Part 2A since our last filing.

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#### Item 4            Advisory Business

- A. Diversified Investment Strategies, LLC (the “Registrant”) is a limited liability company formed on December 16, 2004 in the state of Louisiana. The Registrant became registered as an Investment Adviser Firm in November 2006. The Registrant is owned by James Pope and Shane Haag.
- B. As discussed below, the Registrant offers to its clients (individuals, business entities, trusts and estates, etc.) investment advisory services. The Registrant **does not** hold itself out as providing financial planning, estate planning, or insurance planning services. To the extent specifically requested by a client, Registrant may provide limited consultation services to its investment management clients on investment and non-investment related matters that are generally ancillary to the investment management process. Any such consultation services, to the extent rendered, shall be rendered exclusively on an unsolicited basis, for which Registrant shall usually not receive any separate or additional fee.

#### **INVESTMENT ADVISORY SERVICES**

The client can determine to engage the Registrant to provide discretionary investment advisory services on a *fee-only* basis. The Registrant’s annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under the Registrant’s management (between 0.60% and 1.35 %). Clients who engage the registrant subsequent to January 1, 2012, the following fee schedule shall apply:

#### DIS Client Fee Schedule (2012)

<b><u>Accounts Value</u></b>		<b><u>Annual Fee</u></b>
From:	To	
\$0	\$499,999	1.35%
\$500,000	\$999,999	1.10%
\$1,000,000	\$2,499,999	0.90%
\$2,500,000	4,999,999	0.75%
\$5,000,000	or greater	0.60%

**All other clients who engaged the Registrant’s services prior to January 1, 2012, are subject to a previously grandfathered fee schedule.**

#### **TAX PREPARATION SERVICES**

To the extent requested by the client, the Registrant *may* determine to provide tax preparation services on a stand-alone separate fee basis. Registrant’s typical tax preparation fee is \$100 per tax return.

#### **ENROLLED AGENT SERVICES**

To the extent requested by the client, Shantelle Palermo, Enrolled Agent may represent the client before the Internal Revenue Service (IRS) and/or the State Department of Revenue for matters relating to any of the following.

- Communicating with the IRS and/or State Department of Revenue for a taxpayer regarding the taxpayer's rights, privileges, or liabilities under laws and regulations administered by the IRS and/or State Department of Revenue.
- Representing a taxpayer at conferences, hearings, or meetings with the IRS and/or State Department of Revenue.
- Preparing and filing documents with the IRS and/or State Department of Revenue for a taxpayer.
- Corresponding and communicating with the IRS and/or State Department of Revenue for a taxpayer.

The terms and conditions, and corresponding fee, for any such engagement shall be set forth in a separate engagement letter between Ms. Palermo and the client. No client is under any obligation to engage Ms. Palermo for any of the above services.

## MISCELLANEOUS

**Please Note: Cash Positions.** At any specific point in time, depending upon perceived or anticipated market conditions/events (there being **no guarantee** that such anticipated market conditions/events will occur), the Registrant **may** maintain cash positions for strategic purposes. All cash positions (money markets, etc) shall be included as part of assets under management for purposes of calculating the Registrant's advisory fee. **The Registrant's Chief Compliance Officer, Shane Haag, remains available to address any questions that a client or prospective may have regarding the above fee billing practice.**

**Limitation of Consulting/Planning Advice.** As disclosed above, the Registrant, **if** requested, may provide limited consulting regarding non-investment related matters such as estate planning and insurance. However, the extent of any such consultations shall be **limited to** identifying issues (e.g., does the client have an estate plan, life insurance, long-term care insurance, etc.) and recommending that the client seek assistance from the corresponding professionals of the client's choosing (i.e CPA, attorney, insurance agent, etc.). Neither the Registrant, nor any person associated with the Registrant, provides legal services or insurance sales.

**ExxonMobil Stock.** The Registrant **shall not** maintain discretionary authority regarding the client's Exxon/Mobil stock holdings., Rather, the Registrant shall monitor and review such holdings on an ongoing and continuous basis, but will not sell any Exxon/Mobil stock unless and until the client first directs the Registrant do so.

**Client Obligations.** In performing its services, Registrant shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

**Disclosure Statement.** A copy of the Registrant's written Brochure as set forth on Part 2A of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement*.

- D. The Registrant shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s) allocation(s). Thereafter, the Registrant shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s) allocation(s). The client may, at anytime, impose reasonable restrictions, in writing, on the Registrant's services.
- E. The Registrant does not participate in a wrap fee program.
- F. As of December 31, 2013 the Registrant had \$143,158,247 in assets under management on a discretionary basis and \$34,458,432 in assets under management on a non-discretionary basis.

## Item 5 Fees and Compensation

- A. The client can determine to engage the Registrant to provide discretionary investment advisory services on a *fee-only* basis.

### **INVESTMENT ADVISORY SERVICES**

The client can determine to engage the Registrant to provide discretionary investment advisory services on a *fee-only* basis. The Registrant's annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under the Registrant's management (between 0.60% and 1.35 %). Clients who engage the registrant subsequent to January 1, 2012, the following fee schedule shall apply:

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\$1,000,000	\$2,499,999	0.90%
\$2,500,000	4,999,999	0.75%
\$5,000,000	or greater	0.60%

**All other clients who engaged the Registrant's services prior to January 1, 2012, are subject to a previously grandfathered fee schedule.**

### **TAX PREPARATION SERVICES**

To the extent requested by the client, the Registrant *may* determine to provide tax preparation services on a stand-alone separate fee basis. Registrant's typical tax preparation fee is \$100 per return.

## ENROLLED AGENT SERVICES

To the extent requested by the client, Shantelle Palermo, Enrolled Agent may represent the client before the Internal Revenue Service (IRS) and/or the State Department of Revenue for matters relating to any of the following.

- Communicating with the IRS and/or State Department of Revenue for a taxpayer regarding the taxpayer's rights, privileges, or liabilities under laws and regulations administered by the IRS and/or State Department of Revenue.
- Representing a taxpayer at conferences, hearings, or meetings with the IRS and/or State Department of Revenue.
- Preparing and filing documents with the IRS and/or State Department of Revenue for a taxpayer.
- Corresponding and communicating with the IRS and/or State Department of Revenue for a taxpayer.

The terms and conditions, and corresponding fee, for any such engagement shall be set forth in a separate engagement letter between Ms. Palermo and the client. No client is under any obligation to engage Ms. Palermo for any of the above services.

- B. Clients may elect to have the Registrant's advisory fees deducted from their custodial account. Both Registrant's *Investment Advisory Agreement* and the custodial/ clearing agreement may authorize the custodian to debit the account for the amount of the Registrant's investment advisory fee and to directly remit that management fee to the Registrant in compliance with regulatory procedures. In the limited event that the Registrant bills the client directly, payment is due upon receipt of the Registrant's invoice. The Registrant shall deduct fees and/or bill clients monthly in advance, based upon the market value of the assets on the last business day of the previous month.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, the Registrant shall generally recommend that Charles Schwab and Co., Inc. ("*Schwab*") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Schwab* charge transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, individual equity and fixed income securities transactions). In addition to Registrant's investment management fee and transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).
- D. Registrant's annual investment advisory fee shall be prorated and paid monthly, in advance, based upon the market value of the assets on the last business day of the previous month. The Registrant does not generally require an annual minimum fee or asset level for investment advisory services. The Registrant, in its sole discretion, may charge a lesser investment management fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

The *Investment Advisory Agreement* between the Registrant and the client will continue

in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, the Registrant shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing month.

- E. Neither the Registrant, nor its representatives accept compensation from the sale of securities or other investment products.

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

Neither the Registrant nor any supervised person of the Registrant accepts performance-based fees.

## **Item 7            Types of Clients**

The Registrant's clients shall generally include individuals, business entities, trusts, and estates. Registrant may impose an aggregate relationship minimum of \$750,000 of assets under management. Should it determine to impose such a relationship minimum, it may also determine to waive and/or modify the relationship minimum based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

Additionally, the Registrant, in its sole discretion, may charge a lesser investment management fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

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

- A. The Registrant may utilize the following methods of security analysis:
- Charting - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
  - Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
  - Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)
  - Cyclical – (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

The Registrant may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Trading (securities sold within thirty (30) days)

- Options (contract for the purchase or sale of a security at a predetermined price during a specific period of time)

**Please Note: Investment Risk.** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the Registrant) will be profitable or equal any specific performance level(s).

- B. The Registrant's methods of analysis and investment strategies do not present any significant or unusual risks.

However, every method of analysis has its own inherent risks. To perform an accurate market analysis the Registrant must have access to current/new market information. The Registrant has no control over the dissemination rate of market information; therefore, unbeknownst to the Registrant, certain analyses may be compiled with outdated market information, severely limiting the value of the Registrant's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

The Registrant's primary investment strategies - Long Term Purchases, Short Term Purchases, and Trading - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period, involves a very short investment time period but will incur higher transaction costs when compared to a short term investment strategy and substantially higher transaction costs than a longer term investment strategy.

In addition to the fundamental investment strategies discussed above, the Registrant may also implement and/or recommend options transactions. Option transactions have a high level of inherent risk. (*See* discussion below).

The use of options transactions as an investment strategy may involve a high level of inherent risk. Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller. Fulfillment may take the form of either selling or purchasing a security depending upon the nature of the option contract. Generally, the purchase or the recommendation to purchase an option contract by the Registrant shall be with the intent of producing income or offsetting/"hedging" a potential market risk in a client's portfolio. **Please Note:** Although the intent of the options-related transactions that may be implemented by the Registrant is to produce income or hedge against principal risk, certain of the options-related strategies (i.e. straddles, short positions, etc), may, in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies. In



light of these enhanced risks, client may direct the Registrant, in writing, not to employ any or all such strategies for his/her/their/its accounts.

- C. Currently, the Registrant primarily allocates client investment assets among various individual equity (stocks), debt (bonds) and fixed income securities, closed-end mutual funds, exchange traded funds and preferred stock on a discretionary basis, consistent with the client's designated objectives. The Registrant may also engage in option strategies: (1) writing covered calls ("out of the money" and "in the money")- to provide portfolio income and sell/buy at certain prices; (2) buying puts - to help protect the portfolio value against market decline; and/or (3) option collar – combining a call with a put to hedge selected price movements.

## **Item 9            Disciplinary Information**

The Registrant has not been the subject of any disciplinary actions.

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

- A. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. **Licensed Insurance Agents**. Certain of Registrant's representatives, in their individual capacities, are licensed insurance agents. However, neither the Registrant, nor any such representative, sells any insurance products, nor receives any insurance-related commission revenue.
- D. The Registrant does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

- A. The Registrant maintains an investment policy relative to personal securities transactions. This investment policy is part of Registrant's overall Code of Ethics, which serves to establish a standard of business conduct for all of Registrant's Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, the Registrant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Registrant or any person associated with the Registrant.

- B. Neither the Registrant nor any related person of Registrant recommends, buys, or sells for

client accounts, securities in which the Registrant or any related person of Registrant has a material financial interest.

- C. The Registrant and/or representatives of the Registrant *may* buy or sell securities that are also recommended to clients. This practice may create a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as “scalping” (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if the Registrant did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, “front-running” (i.e., personal trades executed prior to those of the Registrant’s clients) and other potentially abusive practices.

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant’s “Access Persons”. The Registrant’s securities transaction policy requires that an Access Person of the Registrant must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person’s current securities holdings at least once each twelve (12) month period thereafter on a date the Registrant selects; provided, however that at any time that the Registrant has only one Access Person, he or she shall not be required to submit any securities report described above.

- D. The Registrant and/or representatives of the Registrant *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11.C, the Registrant has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Registrant’s Access Persons.

## **Item 12 Brokerage Practices**

- A. In the event that the client requests that the Registrant recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct the Registrant to use a specific broker-dealer/custodian), Registrant generally recommends that investment management accounts be maintained at *Schwab*. Prior to engaging Registrant to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with Registrant setting forth the terms and conditions under which Registrant shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that the Registrant considers in recommending *Schwab* (or any other broker-dealer/custodian to clients) include historical relationship with the Registrant, financial strength, reputation, execution capabilities, pricing, research, and service. Although the

transaction fees paid by Registrant's clients shall comply with the Registrant's duty to obtain best execution, a client may pay a transaction fee that is higher than another qualified broker-dealer might charge to effect the same transaction where the Registrant determines, in good faith, that the transaction fee is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer services, including the value of research provided, execution capability, transaction fees, and responsiveness. Accordingly, although Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Registrant's investment management fee. The Registrant's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Registrant may receive from *Schwab* (or another broker-dealer/custodian) without cost (and/or at a discount) support services and/or products, certain of which assist the Registrant to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by the Registrant may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Registrant in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that *may* be received may assist the Registrant in managing and administering client accounts. Others do not directly provide such assistance, but rather assist the Registrant to manage and further develop its business enterprise.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab* as a result of this arrangement. There is no corresponding commitment made by the Registrant to *Schwab* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

**The Registrant's Chief Compliance Officer, Shane Haag, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.**

2. The Registrant does not receive referrals from broker-dealers.

3. The Registrant does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Registrant will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Registrant. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

**Please Note:** In the event that the client directs Registrant to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Registrant.

**The Registrant's Chief Compliance Officer, Shane Haag, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

- B. To the extent that the Registrant provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless the Registrant decides to purchase or sell the same securities for several clients at approximately the same time. The Registrant may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Registrant's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. The Registrant shall not receive any additional compensation or remuneration as a result of such aggregation.

## **Item 13      Review of Accounts**

- A. For those clients to whom Registrant provides investment supervisory services, account reviews are conducted on an ongoing basis by the Registrant's Principals and representatives. All investment supervisory clients are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives and/or financial situation. All clients (in person, via telephone and/or internet meeting) are encouraged to review investment advisory issues (to the extent applicable), investment objectives and account performance with the Registrant on an at least annual basis.
- B. The Registrant *may* conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.

- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

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

- A. As referenced in Item 12.A.1 above, the Registrant may receive an indirect economic benefit from *Schwab*. The Registrant, without cost (and/or at a discount), may receive support services and/or products from *Schwab*.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab* as a result of this arrangement. There is no corresponding commitment made by the Registrant to *Schwab* or any other any entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

**The Registrant's Chief Compliance Officer, Shane Haag, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.**

- B. The Registrant does not compensate, directly or indirectly, any person, other than its representatives, for client referrals.

#### **Item 15      Custody**

The Registrant shall have the ability to have its advisory fee for each client debited by the custodian on a monthly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

**Please Note:** To the extent that the Registrant provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by the Registrant with the account statements received from the account custodian (the data is used for informational purposes and not intended to replace statements, confirms or 1099 forms distributed by the account custodian). **Please Also Note:** The account custodian does not verify the accuracy of the Registrant's advisory fee calculation.

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

The client can determine to engage the Registrant to provide investment advisory services on a discretionary basis. Prior to the Registrant assuming discretionary authority over a

client's account, the client shall be required to execute an *Investment Advisory Agreement*, naming the Registrant as the client's attorney and agent in fact, granting the Registrant full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage the Registrant on a discretionary basis may, at anytime, impose restrictions, **in writing**, on the Registrant's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe the Registrant's use of margin, etc.).

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

- A. The Registrant does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact the Registrant to discuss any questions they may have with a particular solicitation.

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

- A. The Registrant does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. The Registrant is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. The Registrant has not been the subject of a bankruptcy petition.

**ANY QUESTIONS: The Registrant's Chief Compliance Officer, Shane Haag, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**