



## Eagle Financial Management Services, LLC

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This brochure provides information about the qualifications and business practices of Eagle Financial Management Services, LLC ("Eagle Financial"). If you have any questions about the contents of this brochure, please contact us at 318-675-0826. 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.

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

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

## **Material Changes**

This brochure contains updates but no material changes since the last version, dated March 2014.

Our brochure may be requested by calling 318-675-0826. Additional information about Eagle Financial Management Services, LLC ("Eagle Financial") is also available via the SEC's web site, [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with Eagle Financial who are registered, or are required to be registered, as investment adviser representatives of Eagle Financial.

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## ADVISORY BUSINESS

### Advisory Firm Description

Eagle Financial Management Services, LLC ("Eagle Financial" or the "Firm") has been in business since December 28, 2005. The principal owner is Jack E. Ditt, Jr.

### Types of Advisory Services

Eagle Financial provides continuous, fee-only investment advisory services. The Firm manages investment accounts on either a discretionary or non-discretionary basis in accordance with an Investment Advisory Agreement entered into with each client. These services include:

- Developing an Investment Policy Statement for each client with combined accounts (per household) exceeding \$100,000 detailing the client's risk tolerance, economic assumptions, and target asset allocation, and investment restrictions, if any. (Note: Changes in market conditions or other factors may necessitate tactical portfolio adjustments resulting in deviations from target asset allocations in clients' Investment Policy Statements. When tactical deviations are deemed significant, the Firm will endeavor to communicate these changes to clients.)
- Establishing the investment account with the custodian and assisting with account transfers.
- Making specific investment recommendations.
- Placing trades in the client's account as appropriate.
- Providing ongoing client service support:
- Interfacing with the custodian on account servicing issues.
- Portfolio monitoring.
- Providing performance reports on at least an annual basis for client households with \$100,000 and above under the Firm's management.

On occasion, the Firm may recommend outside managers (such as in the case of separately managed accounts). In this event, all fees will be fully disclosed.

Other services include:

- Advising employer-sponsored retirement plans - The Firm may advise employer-sponsored retirement plans in various capacities, ranging from Consultant to Investment Manager. The fee for this service will depend primarily upon the scope of the engagement and the selection of plan platform.
- Financial planning or investment consultations.
- Advising on employer-sponsored retirement accounts, 529 college savings accounts, and variable insurance products.

NOTE: The Firm's services do not include:

- Tax preparation.
- Tax advice.
- Legal counsel.

### Tailored Advisory Services

The Firm manages investment portfolios with wide-ranging objectives, such as: cash management, income, and growth. Clients may impose reasonable restrictions on the management of their accounts.

### Client Assets under Management

As of 12/31/13, the Firm had the following assets under management:

Discretionary .....	\$63,226,553
Non-Discretionary .....	\$9,170,140
Total .....	\$72,396,693

Excluded from these calculations are accounts not continuously managed by the Firm under a limited power-of-attorney with a qualified custodian, such as: separately managed accounts, variable insurance products, 529 college savings accounts and certain employer-sponsored retirement plan accounts.

## FEES AND COMPENSATION

The Firm charges its clients an annual fee ("Client Fee") that is based on the amount of the client's assets under management (see below). The Client Fee is negotiable and is determined at the time the client signs the Investment Advisory Agreement. In general, portfolios are aggregated by household.

Portion of Investment Portfolio Annual Rate:

\$0 to \$500,000 .....	1.00%
\$500,001 - \$1,000,000 .....	0.85%
\$1,000,001 - \$2,000,000 .....	0.75%
+\$2,000,001 .....	0.65%

Client Fees are calculated on a cumulative basis, so that a client with \$1,000,000 under management would pay 1.00% on \$500,000 and 0.85% on \$500,000. Widows and orphans will be granted a discount of 0.10% per annum. Client Fees are calculated based on the long market value of the portfolio, including accrued interest and pending trades, as determined by the account custodian at the close of market on the last business day of each period.

Client Fees are billed quarterly in advance at the rate of one-fourth of the annual fee shown above. Clients may elect to be invoiced for Client Fees or to authorize the Firm to directly debit Client Fees from their account(s). Unless instructed to the contrary, the Firm will directly debit for Client Fees.

For client accounts with a Cash Management objective, the Firm charges a flat (non-cumulative) Client Fee of 0.25% per annum in lieu of the normal fee schedule.

The Client Fee and other consulting fees are separate from transaction, exchange, wire transfer, margin interest or account fees that may be charged by the custodian. The Item, "Brokerage Practices," further describes the factors that the Firm considers in selecting or recommending custodians/broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

To the extent that client assets are invested in investment company products (money market funds, mutual funds, closed-end funds, unit investment trusts, real estate investment trusts, exchange-traded funds, etc.), product management fees will be incurred. These fees are included in the internal expenses of the investment company product, are fully disclosed by prospectus, and are not paid to the Firm.

The Firm may advise employer-sponsored retirement plans in various capacities, ranging from Consultant to Investment Manager. The fee for this service will depend primarily upon the scope of the engagement and the selection of plan platform.

Clients may engage the Firm for financial planning or investment consultations. For these services, the client may be charged a flat consulting fee based on an hourly rate of \$175 per hour. (The minimum consulting fee is \$175.) Consulting fees may be deducted from the client's account, or may be payable by check upon receipt of invoice and/or completion of consulting work. Consulting fees will not be incurred without prior notification of the client.

The Firm may also advise clients on employer-sponsored retirement plan accounts, 529 college savings accounts, and variable insurance products. The annual fee for this service will be either a) a flat fee, not to exceed 1% of the account value, or b) an asset-based fee, based on the normal fee schedule, the "Client Fee," as mutually agreed to by the Firm and the client. The fee is payable quarterly in advance at the rate of one-fourth of the annual fee. The fee may be deducted from the client's account, or may be invoiced and payable by check.

The Investment Advisory Agreement allows for the client to terminate the Agreement immediately upon delivery to the Firm of written notice to such effect, and the Firm to terminate the agreement with 30 days' prior written notice to the client. The client may terminate the Agreement without penalty within five (5) business days after entering the Agreement. Otherwise, at the date of termination, any prepaid and unearned fees in excess of \$10.00 will be refunded to the client based on the number of days remaining in the quarter.

#### **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Eagle Financial does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client). This section does not apply to Eagle Financial.

## **TYPES OF CLIENTS**

Eagle Financial provides services to individuals, businesses, pension and profit-sharing plans, trusts, foundations, endowments and charitable organizations. The Firm does not have a mandatory minimum account size requirement but prefers a minimum household size of \$100,000 under its management for the Investment Advisory Service.

## **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

Eagle Financial invests primarily on the basis of fundamental analysis with a bias towards the utilization of “value” based metrics. The Firm develops strategically allocated portfolio models which may incorporate modern portfolio theory. Model selection is determined by client specific inputs (objectives, goals, etc.)

The Firm employs strategies that emphasize absolute returns over relative returns. The goal behind absolute return investing is to generate positive returns regardless of the direction of the financial markets. Examples of techniques the Firm may utilize include: making tactical adjustments to target asset allocations, using unconventional asset classes, using concentrated positions, shorting securities, and hedging through the use of options and/or inverse funds.

Note: Investing in securities involves risk of loss that clients should be prepared to bear. The Firm does not guarantee the future performance of the account or any specific level of performance, the performance of any investment decision or strategy that the Firm may use, or the performance of the Firm’s overall management of the account. The client is reminded that investment decisions made for the account by the Firm are subject to various market, currency, economic, political and business risks, and that those investment decisions will not always be profitable.

## **DISCIPLINARY INFORMATION**

Neither Eagle Financial nor any of its personnel have any material disciplinary or legal events or sanctions to disclose.

## **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Eagle Financial personnel Jack E. Ditt, Jr. and William L. McCollum are involved in a non-investment related, affiliated business entity: Eagle Gold & Silver, L.L.C. (“Eagle Gold”). Eagle Gold is a precious metals dealership that is co-located with Eagle Financial. The business was established on 7/1/10 in response to advisory client inquiries about purchasing physical precious metals. Time spent by Ditt and McCollum on Eagle Gold will be minimal, estimated at less than one hour per trading day and less than ten hours per month, and should not impair their ability to carry out their duties and responsibilities at Eagle Financial. Eagle Gold is not an advisory business; transactions in precious metals are done on a commission basis.

This may put Ditt and McCollum in a conflict of interest with advisory clients if they recommend the purchase/sale of precious metals from which they will earn a commission. This conflict is mitigated by the following: 1) Eagle Financial advisory clients who engage in precious metals transactions through Eagle Gold will not incur advisory fees in addition to transaction fees charged by Eagle Gold; 2) clients retain possession of the precious metals; 3) Eagle Financial advisory clients may execute precious metals transactions through a dealer of their choice.

## **CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **Code of Ethics**

Eagle Financial has adopted a Code of Ethics for all Firm personnel (collectively referred to as “employees”) describing its high standard of business conduct and fiduciary duty to its clients. The Code of Ethics includes provisions relating to confidentiality of client information, personal securities trading, business gifts and entertainment, outside business activities, et al.

The following basic principles guide all aspects of the Firm’s business and represent the minimum requirements to which the Firm expects employees to adhere:

- Clients’ interests come before employees’ personal interests and before the Firm’s interests.
- The Firm must fully disclose all material facts about conflicts of which it is aware between the Firm and its employees’ interests on the one hand and client’s interests on the other.
- Employees must operate on the Firm’s behalf and on their own behalf consistently with the Firm’s disclosures and to manage the impacts of those conflicts.
- The Firm and its employees must not take inappropriate advantage of their positions of trust with or responsibility to clients.
- The Firm and its employees must always comply with all applicable securities laws.

The Code of Ethics was adopted pursuant to SEC rule 204A-1. The Firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

### **Misuse of Nonpublic Information**

The Code of Ethics contains a policy against the use of nonpublic information in conducting business for the Firm. Employees may not convey nonpublic information nor depend upon it in placing personal securities trades.



### **Personal Securities Trading**

In accordance with its internal compliance procedures, Eagle Financial employees (and individuals associated with the Firm) may buy, sell or hold in their personal accounts the same securities that the Firm recommends to its clients. The Code of Ethics is designed to ensure that the personal securities transactions, activities and interests of Eagle Financial employees will not interfere with making decisions in the best interest of our clients.

The Code of Ethics requires pre-clearance of many transactions and restricts “front running” trading ahead of clients. Employee trading is continually monitored to reasonably prevent conflicts of interest between the Firm and its clients. Employees are required to submit reports of personal securities trades on a quarterly basis, and securities holdings annually. These are reviewed by the Firm’s Chief Compliance Officer to ensure compliance with the Firm’s policies.

### **Outside Business Activities**

Employees are required to pre-clear and annually report any outside business activities. If any are deemed to be in conflict with clients, such conflicts will be fully disclosed or the employee will be directed to cease such activity.

## **BROKERAGE PRACTICES**

### **The Custodian and Brokers We Use**

Eagle Financial does not maintain custody of your assets that we manage/on which we advise, although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (refer to Item, “Custody” on page 9). Your assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. We recommend that our clients use Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, as the qualified custodian. (Note: Eagle Financial is independently owned and operated and is not affiliated with Schwab.) Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account as described below (see “Your Brokerage and Custody Costs”).

### **How We Select Custodians/Brokers**

We seek to recommend and use a custodian/broker who will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to

other available providers and their services. We consider a wide range of factors, including, among others: transaction execution services and asset custody services; capability to execute, clear, and settle trades; capability to facilitate transfers and payments to and from accounts; breadth of available investment products; availability of investment research and tools that assist the Firm in making investment decisions; quality of services; competitiveness of the price of those services and willingness to negotiate the prices; reputation, financial strength, and stability; level of service and responsiveness to the Firm and our clients; availability of other products and services that benefit the Firm, as discussed below (see “Products and Services Available to Us From Schwab”).

### **Your Brokerage and Custody Costs**

For our clients’ accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Schwab’s commission rates applicable to our client accounts were negotiated based on the condition that our clients collectively maintain a total of at least \$50 million of their assets in accounts at Schwab. This commitment benefits you because the overall commission rates you pay are lower than they would be otherwise. In addition to commissions, Schwab charges you a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account. We have determined that having Schwab execute most trades is consistent with our duty to seek “best execution” of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see “How We Select Custodians/Brokers”). Note: Clients who custody outside of Schwab may receive different custodial and/or brokerage pricing, trade execution timeliness, etc.

### **Products and Services Available to Us From Schwab**

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab’s business serving independent investment advisory firms like us. They provide Eagle Financial and our clients with access to its institutional brokerage - trading, custody, reporting, and related services - many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients’ accounts, while others help us manage and grow our business. Schwab’s support services generally are available on an unsolicited basis and at no charge to us as long as our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. If our clients collectively have less than \$10 million in assets at Schwab, Schwab may charge us quarterly service fees of \$1,200. Following is a more detailed description of Schwab’s support services:

**Services That Benefit You.** Schwab’s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include

some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

**Services That May Not Directly Benefit You.** Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that: provide access to client account data; facilitate trade execution and allocate aggregated trade orders for multiple client accounts; provide pricing and other market data; facilitate payment of our fees from our clients' accounts; assist with back-office functions, recordkeeping, and client reporting.

**Services That Generally Benefit Only Us.** Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include: educational conferences and events; consulting on technology, compliance, legal, and business needs; publications and conferences on practice management and business succession; access to employee benefits providers, human capital consultants, and insurance providers.

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

The availability of these no-cost services from Schwab that benefit Eagle Financial is a potential conflict of interest. However, the Firm is committed to its fiduciary duty of acting in the best interests of clients to include the recommendation of a qualified custodian. Our recommendation of Schwab is primarily supported by the scope, quality, and price of Schwab's services (see "How We Select Custodians/Brokers") and not Schwab's services that benefit only us.

### **Order Aggregation**

No client shall receive preferential treatment over any other client in the allocation of investment opportunities. In instances where more than one client has an equity order on any given day for the same security, it is the policy of the Firm to submit trades simultaneously (block-traded), whenever possible, to ensure that each client receives the same price. This aggregation of trade orders does not provide a commission advantage to participating accounts, however, as Schwab charges each account a transaction fee (or commission) as if the trade had been done on an account basis.

## **REVIEW OF ACCOUNTS**

The Firm's portfolio managers, currently Jack E. Ditt, Jr. and William L. McCollum, conduct all account reviews. Internal reviews are conducted as a matter of course at least quarterly. Additional reviews may be triggered by events such as a client meeting, change in a client's risk tolerance, financial position or investment objective, change in a company or fund's management, unusual market or economic circumstances or other unforeseen event. All clients are encouraged to meet with the Firm at least annually.

For client households of \$100,000 and above under its management, the Firm prepares performance reports on at least an annual basis that show account performance net of fees. Account statements are prepared and supplied by the custodian as described in the Item, "Custody".

## **CLIENT REFERRALS AND OTHER COMPENSATION**

At present, Eagle Financial is not involved in any solicitation arrangements involving compensation for client referrals.

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item, "Brokerage Practices" on page 6). The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

## **CUSTODY**

Eagle Financial requires clients to use custodians that provide account statements directly to them at least quarterly. Eagle Financial urges its clients to carefully review account statements and other official custodial records and compare them to any reports the Firm may provide. Our reports may vary from the custodian's reports based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Clients should notify the Firm and/or the custodian of any significant discrepancies.

The direct billing of Client Fees (described in the Item, "Fees and Compensation" on page 2) is deemed a form of custody by the Securities and Exchange Commission pursuant to Rule 206(4)-2 under the Investment Advisers Act of 1940, as amended, although all investments and funds are held by an outside custodian. The Firm may direct the movement of funds from one account in the client's name to another such titled account but has no access to funds except for the deduction of Client Fees and other consulting fees. In all other matters, the Firm has no custody of client securities or funds and requires the use of an outside custodian.

## **INVESTMENT DISCRETION**

The Firm has full trading authority over client accounts under a limited power of attorney. The client will acknowledge and agree to this arrangement, as described in the Investment Advisory Agreement. Thus, the Firm determines both the investments and how much of each should be purchased or sold on each discretionary client's behalf subject to any client-imposed limitations or restrictions. For clients who execute a Prime Brokerage Agreement, the Firm may determine the broker or dealer to be used for a purchase or sale of securities. For non-discretionary accounts the Firm must check with clients prior to placing trades on the clients' behalf.

On occasion, the Firm may make an error in submitting a trade on behalf of the client. When this occurs, the Firm may place a correcting trade with the broker-dealer which has custody of the client's account. If an investment gain results from the correcting trade, the gain will remain in the account unless the same error involved other client's account(s) that should have received the gain, it is not permissible for the client to retain the gain, or the client decides to forego the gain (e.g., due to tax implications). If the gain does not remain in the account, and if Schwab is the custodian, Schwab will donate the amount of any gain \$100 and over to charity. If a loss occurs greater than \$100, the Firm will pay for the loss. Schwab will maintain the loss or gain (if such gain is not retained in the account) if it is under \$100 to minimize and offset its administrative time and expense. Generally, if related trade errors result in both gains and losses in the account, they may be netted.

## **VOTING CLIENT SECURITIES**

As a matter of policy and practice, Eagle Financial does not have the authority to and does not vote proxies on behalf of clients. Clients will receive proxies or other solicitations directly from the custodian or a transfer agent. Clients may contact the Firm with questions about a particular solicitation.

## **FINANCIAL INFORMATION**

Eagle Financial has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients. Eagle Financial is not required to produce its financial information.

**Brochure Supplement: Supervised Persons**

**Jack E. Ditt, Jr.**

**William L. McCollum**

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This brochure supplement provides information about supervised persons. Supervised persons are Firm personnel whom clients will be relying on for investment advice. This information supplements the Eagle Financial Management Services, LLC brochure. You should have received a copy of that brochure; if not, you may request a copy by calling 318-675-0826.

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

**Jack E. Ditt, Jr.**

Born 1961

**Business Experience:**

Eagle Financial Management Services, LLC, President and Portfolio Manager, 12/2005-present

Eagle Gold & Silver, LLC, President, 07/2010-present

Smith Barney, Registered Representative, 12/2005

Legg Mason, Registered Representative, 05/1990-12/2005

**Educational Background:**

Virginia Military Institute, Bachelor of Arts, Economics, 1984

Louisiana Tech University, MBA, Emphasis in Finance, 1989

**Disciplinary Information:**

No information is applicable to this Item.

**Other Business Activities:**

See Item, "Other Financial Industry Activities and Affiliations" on page 4.

**Additional Compensation:**

No information is applicable to this Item.

**Supervision:**

The portfolio managers, Messrs. Ditt and McCollum, oversee the activities of each other to ensure compliance with the Firm's Code of Ethics and relevant laws and regulations, and jointly develop investment strategies.

**William L. McCollum**

Born 1968

**Business Experience:**

Eagle Financial Management Services, LLC, Chief Compliance Officer and Portfolio Manager, 01/2007-present

Eagle Gold & Silver, LLC, Associate, 07/2010-present

Morgan Stanley, Registered Representative, 10/2001-01/2007

Argent Financial Group, Vice President, 05/2001-10/2001

Export-Import Bank of the U.S., Business Development Officer, 04/1999-05/2001

Chase Bank of Texas, International Trade Finance Officer, 01/1995-04/1999

**Educational Background:**

Baylor University, Bachelor of Business Administration, Finance, 1994

University of Houston-Clear Lake, Master of Science, Finance, 1999

**Disciplinary Information:**

No information is applicable to this Item.

**Other Business Activities:**

See Item, "Other Financial Industry Activities and Affiliations" on page 4.

**Additional Compensation:**

No information is applicable to this Item.

**Supervision:**

The portfolio managers, Messrs. Ditt and McCollum, oversee the activities of each other to ensure compliance with the Firm's Code of Ethics and relevant laws and regulations, and jointly develop investment strategies.