

**Wrap Fee Program Brochure  
Item 1 – Cover Page**

**Allied Investment Advisors, LLC**

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This **Wrap Fee Program Brochure** provides information about the qualifications and business practices of Allied Investment Advisors, LLC. If you have any questions about the contents of this brochure, please contact Gary Lucas at 406-839-2035 or [glucas@alliedinvest.net](mailto:glucas@alliedinvest.net). 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 Allied Investment Advisors is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view our firm's information on this website by searching for our name Allied Investment Advisors or our firm CRD number **159103**.

\*Registration as an investment advisor does not imply a certain level of skill or training.

## **Item 2 – Material Changes**

Since the March 2013 annual amendment of our firm's Wrap Fee Program Brochure was filed, there has been an increase in the amount of client assets our firm manages. As of March 2013, our assets under management were \$103,957,385. We now have assets under management totaling \$150,636,275. Please refer to Item 4 – Services, Fees and Compensation for more details.

The increase in assets under management requires us to switch from state registration to federal registration. Therefore, we initiated the SEC registration process in February 2014.

One of our employees, Lynn Harper, is currently licensed as an insurance agent. In her separate capacity as an insurance agent, Ms. Harper is able to sell insurance products and receive a commission for such sales. However, Ms. Harper is not permitted by our firm to solicit insurance products to our clients. Clients of Allied Investment Advisors with insurance needs are encouraged to consult with an insurance agent of their own choosing that is not affiliated with our firm. This policy is in place to avoid the conflict of interest of charging fees for our investment advice and earning additional commissions on the sale of insurance.

In March 2013 Kellie Hirsch rejoined our firm as our Office Manager and an Investment Advisor Representative. Please see Information Required by Part 2B of Form ADV: Brochure Supplement for more details.

We will ensure that you receive a summary of material changes, if any, to this and subsequent disclosure brochures within 120 days after our fiscal year ends. Our fiscal year ends on December 31 so you will receive the summary of material changes, if any, no later than April 30 each year. At that time we will also offer a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

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#### Item 4 – Services, Fees and Compensation

Allied Investment Advisors, LLC is an investment advisor registered with the State of Montana Securities Department and is a Limited Liability Company formed under the laws of the State of Montana.

- Gary Lucas is the Managing Member and majority owner of Allied Investment Advisors.
- Bart Aby is a Member and part owner of Allied Investment Advisors.
- Allied Investment Advisors has been registered as an investment advisor since December 2011.

##### **Description of Advisory Services**

Our firm specializes in providing portfolio management services which involve providing clients with on-going supervision over client accounts. This means that we monitor a client's account and make trades in client accounts when necessary. Through this service, we implement a customized and individualized investment program for clients by applying our investment strategy and philosophy. We actively manage client investment portfolios in accordance with the client's individual needs, return objectives and risk tolerance.

We will be granted trading authorization on the client's account. Trading authority allows us the ability to make trades in the client's account. Such authorization may be provided on a discretionary or non-discretionary basis depending on the individual needs and request of each client. **Discretionary** authority provides the ability to make trades in the client's account without contacting the client prior to each trade.

If you decide to grant trading authorization on a **non-discretionary** basis, we will be required to contact you prior to implementing changes in your account. Therefore, you will be contacted and required to accept or reject our investment recommendations including:

- The security being recommended
- The number of shares or units
- Whether to buy or sell

Once the above factors are agreed upon, Allied Investment Advisors will be responsible for making decisions regarding the timing of buying or selling an investment and the price at which the investment is bought or sold. If your accounts are managed on a non-discretionary basis, you need to know that if you are not able to be reached or are slow to respond to our request, it can have an adverse impact on the timing of trade implementations and we may not achieve the optimal trading price.

All clients have the ability to place reasonable restrictions on the types of investments that may be purchased in an account. Clients may also place reasonable limitations on the discretionary power granted to our firm so long as the limitations are specifically set forth or included as an attachment to the client agreement.

You are always responsible for notifying us of any changes to your financial situation or investment objectives. At least annually, we will contact each client for the specific purpose to determine whether the client's financial situation or investment objectives have changed, or if the client would like to impose and/or modify any reasonable restrictions on the management of their accounts. We are always reasonably available to consult with clients relative to the status of their accounts. A client's beneficial

interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise the accounts. A separate account is always maintained for each client with the broker-dealer/custodian and the client retains all rights of ownership to their accounts (e. g. right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).

It is important that you understand that we manage investments for other clients and may give them advice or take actions for them or for our own personal accounts that is different from the advice we provide to you or actions we take for you. We are not obligated to buy, sell or recommend to you any security or other investment that we may buy, sell or recommend for any other clients or for our own accounts.

Conflicts may arise in the allocation of investment opportunities among accounts we manage. We strive to allocate investment opportunities believed appropriate for your account(s) and other accounts advised by our firm among such accounts equitably and consistent with the best interests of all accounts involved. However, there can be no assurance that a particular investment opportunity that comes to our attention will be allocated in any particular manner. If we obtain material, non-public information about a security or its issuer that we may not lawfully use or disclose, we have absolutely no obligation to disclose the information to any client or use it for any client's benefit.

Our portfolio management services are provided through two platforms, our Allied Wrap Fee Program and through Client Directed Brokerage Arrangements. The two platforms are described below.

#### ***Allied Wrap Fee Program***

We sponsor the Allied Wrap Fee Program (referred to as "Allied Program" in this section) which is a wrap-fee program. Only investment advisor representatives of our firm may serve as portfolio managers in the Allied Program. Therefore, participants in the Allied Program must be advisory clients of Allied Investment Advisors.

All brokerage transactions implemented through Allied Program are processed by D.M. Kelly & Company in its capacity as a full-service introducing broker/dealer, and then cleared through First Clearing, LLC, which are both registered broker/dealers and members of FINRA/SIPC. The President and owner of D.M. Kelly & Company is a member of our firm and therefore we are not independent of D.M. Kelly & Company. Additional information regarding D.M. Kelly & Company is provided at Item 12 of this brochure. First Clearing, LLC is not affiliated with D.M. Kelly & Company or Allied Investment Advisors. In addition to serving as the clearing broker/dealer, First Clearing, LLC maintains custody of all Allied Program accounts (see Item 15 of this brochure for more information).

#### ***Services through Client Directed Brokerage Arrangements***

Generally, all clients engaging Allied Investment Advisors for our investment management services will be solicited to open an Allied Program account as described above. However, at the client's specific written request, and subsequent consent from Allied Investment Advisors, we can provide investment management services through accounts maintained at a qualified custodian selected by the client. The client selected qualified custodian (which may include a broker-dealer, bank, or product sponsor) will maintain custody of all funds and securities.

The type and form of investment management services provided through this service are similar to the investment management services provided through the Allied Program.

Some brokerage platforms may have constraints limiting our ability to trade in the client's account or a client may decide to restrict our trading authority. In these situations, our services are considered "consultative" in nature and trading authorization is not granted to Allied Investment Advisors by the client. Through this type of arrangement, Allied Investment Advisors will provide ongoing review services of the client's assets; however, the client must implement all trades in the account and we will not have direct trading access to the account.

**Limits Advice to Certain Types of Investments.**

Allied Investment Advisors provides investment advice on the following types of investments:

- Exchange-listed equity securities (i.e. stocks)
- Securities traded over-the-counter (i.e. stocks)
- Foreign issues
- Fixed income securities (e.g. bonds)
- Commercial paper
- Corporate debt paper
- Certificates of deposit
- Municipal securities
- Mutual Fund shares
- Exchange Traded Funds (ETFs)
- United States government securities

Allied Investment Advisors does not provide advice on warrants, variable life insurance, variable annuities, options contracts on securities, options contracts on commodities, futures contracts on tangibles or intangibles, interests in partnerships investing in real estate, oil, and gas interests, or hedge funds and other types of private (i.e. non-registered) securities.

When constructing individual portfolio strategies for clients we may hold any of the securities listed above, but we typically construct each client's account holdings using individual equity securities, fixed income securities, mutual funds and ETFs. It is not our typical investment strategy to attempt to time the market. We may modify our investment strategy to accommodate special situations such as low basis stock, stock options, legacy holdings, inheritances, closely held businesses, collectibles, or special tax situations. Please refer to Item 6 to read about our Methods of Analysis, Investment Strategies and Risk of Loss for more information.

**Tailor Advisory Services to Individual Needs of Clients**

Our services are always provided based on the individual needs of each client. This means, for example, that you are given the ability to impose restrictions on the accounts we manage for you, including specific investment selections and sectors. We work with each client on a one-on-one basis through interviews and questionnaires to determine the client's investment objectives, risk tolerance and suitability information.

**Client Assets Managed by Allied Investment Advisors**

As of December 31, 2013, Allied Investment Advisors has \$150,255,321 of discretionary assets under management and \$380,954 of non-discretionary assets under management.

### **Brokerage, Clearing and Custody**

When clients open an account through the Allied Wrap Fee Program (referred to as the “Allied Program”), D.M. Kelly & Company will be used as the broker/dealer for the account. D.M. Kelly & Company serves as the introducing broker-dealer. All accounts established through the Allied Program will be cleared and held at First Clearing, LLC which acts as a qualified custodian.

The requirement to use D.M. Kelly & Company is based on our historical relationship with D.M. Kelly & Company and the fact the President of their company controls 15% of our firm. We have a conflict of interest by recommending D.M. Kelly & Company due to our arrangement with their firm and not necessarily because of our clients’ interest in receiving most favorable execution. In addition, we receive client referrals from D.M. Kelly & Company. Potential clients are referred by D.M. Kelly & Company when they believe our advisory services would be a good fit for the client. We do not directly compensate D.M. Kelly & Company for referrals they provide and clients that are referred to us are never required to work with us. The fact that we receive referrals creates the incentive for us to recommend D.M. Kelly & Company based on our interest in receiving client referrals and not necessarily our clients’ interest in receiving most favorable execution.

We attempt to overcome these conflicts of interest by comparing D.M. Kelly & Company against other brokerage platforms. In addition, clients are not required to open an Allied Program account. Clients may select brokerage platform of their own choosing and still hire us as investment advisor (see Disclosure specific to Client Directed Brokerage Arrangements below).

The requirement to use First Clearing, LLC is based on the fact that D.M. Kelly & Company has established a clearing agreement with First Clearing, LLC as its preferred clearing broker/dealer and qualified custodian. D.M. Kelly & Company’s decision to work with First Clearing, LLC is based on its past experiences, minimizing commissions and other costs as well as offerings or services First Clearing, LLC provides that D.M. Kelly & Company, Allied Investment Advisors or clients may require or find valuable such as online access. Clients may pay fees to D.M. Kelly & Company and/or First Clearing, LLC that are higher than those obtainable from other broker/dealers in return for products and services offered through D.M. Kelly & Company and First Clearing, LLC. Commission and fee structures of various broker/dealers are periodically reviewed by Allied Investment Advisors in order to evaluate the execution services provided by D.M. Kelly & Company and First Clearing, LLC. Accordingly, while Allied Investment Advisors will consider competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. Therefore, the overall services provided by both D.M. Kelly & Company and First Clearing, LLC are evaluated to determine best execution and we cannot guarantee clients receive best execution through the Allied Program.

We have not entered into formal soft-dollar arrangements with either firm. However, through our relationship with D.M. Kelly & Company, we receive economic and non-economic benefits from D.M. Kelly & Company and First Clearing, LLC. These benefits include, but are not necessarily limited to: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk; access to block trading which provides the ability to aggregate securities transactions and allocate the appropriate the shares to client accounts; the ability to have investment advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information.

Disclosure specific to Client Directed Brokerage Arrangements. Clients directing the use of a particular broker/dealer or other custodian must understand that we may not be able to obtain the best prices and execution for the transaction. Under a client-directed brokerage arrangement, clients may receive less favorable prices than would otherwise be the case if the client had not designated a particular

broker/dealer or custodian. Directed brokerage account trades are generally placed by Allied Investment Advisors after effecting Allied Program trades for other clients of Allied Investment Advisors. When Allied Investment Advisors implements trades on an aggregated basis, it is not possible to include client-directed trades with the aggregated trades executed through the Allied Program.

### **Block Trading Policy**

Transactions implemented by Allied Investment Advisors for client accounts are generally effected independently, unless we decide to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and is used by our firm when Allied Investment Advisors believes such action may prove advantageous to clients. When Allied Investment Advisors aggregates client orders, the allocation of securities among client accounts will be done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among our firm's clients in proportion to the purchase and sale orders placed for each client account on any given day. When Allied Investment Advisors determines to aggregate client orders for the purchase or sale of securities, including securities in which Allied Investment Advisors may invest, we will do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* It should be noted, Allied Investment Advisors does not receive any additional compensation or remuneration as a result of aggregation.

### **Custody**

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody and must ensure proper procedures are implemented.

Allied Investment Advisors is deemed to have custody of client funds and securities whenever Allied Investment Advisors is given the authority to have fees deducted directly from client accounts. However, this is the only form of custody Allied Investment Advisors will ever maintain. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

For accounts in which Allied Investment Advisors is deemed to have custody, the firm has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from Allied Investment Advisors. When clients have questions about their account statements, they should contact Allied Investment Advisors or the qualified custodian preparing the statement.

When fees are deducted from an account, Allied Investment Advisors is responsible for calculating the fee and delivering instructions to the custodian. At the same time Allied Investment Advisors instructs the custodian to deduct fees from the client's account; Allied Investment Advisors will send



the client an invoice itemizing the fee. Itemization shall include the formula used to calculate the fee, the amount of assets under management the fee is based on, and the time period covered by the fee.

### **Fees for Allied Wrap Fee Program**

Fees charged for the Allied Wrap Fee Program (referred to as “Allied Program”) covers both the investment advisory services provided by our firm and also the brokerage services provided by D.M. Kelly & Company and First Clearing, LLC. Thus services are provided for a single “wrap” fee.

The annual wrap fee is divided and payable quarterly, in advance, and shall be computed, based on the market value of the assets under management for each account. As an occasional exception, clients may be charged for brokerage services separately. This means that the client’s account will be charged by D.M. Kelly & Company each time a transaction occurs in the account. Clients must authorize First Clearing, LLC to pay the advisory fee and reimbursement amount due to Allied Investment Advisors directly from the designated accounts. The wrap fee will be charged regardless of the client’s decision to follow or not to follow the advice of the investment adviser registered representative.

The maximum annual fee charged for the Allied Program shall not exceed 1.90%. Clients may be charged fees based on a fixed percentage or based on a tiered fee schedule. The following fee schedule is an example of a typical fee schedule applied under the Atlas Program and is provided for illustrative purposes.

#### **Total Account Value Equities and Cash**

Assets Under Management	Annualized Fee
\$0 - \$1,000,000	1.50%
\$1,000,001 to \$2,500,000	1.25%
Over \$2,500,000	1.00%

The actual fee charged to each client shall be determined prior to establishing an Allied Program account and stated in the client agreement or addendum to the agreement. The exact client fee shall be determined (and in some cases negotiated with the client) based on the client’s amount of assets under management, overall investment objective (asset allocation), discretionary versus non-discretionary trading authorization, and the complexity of the client’s overall financial situation.

Fees are calculated by multiplying the assets under management by the relevant percent and dividing such product by four. Accounts opened in mid-quarter will be assessed at a pro-rated management fee. Fees are payable quarterly, in advance and such fees may be deducted from client’s designated account(s) quarterly, within 30 days following the end of the quarter for which said fees are incurred. For clients that pay fees directly, payment is due upon the client’s receipt of the billing statement from Allied Investment Advisors. The billing statement will show the amount of fees due for the current quarter, the manner in which the fees are calculated, any adjustments to the fees, and explanations of any adjustments.

Fees for the initial quarter will be adjusted pro-rata based on the number of calendar days in the calendar quarter in which the Agreement goes into effect.

Fees are subject to change with 30 days written notice. Notwithstanding the above, certain clients of the Advisor with preexisting relationships may initially be charged fees, which are less than the afore-stated fees. With regard to employee related accounts and certain other accounts, the quarterly fees may be less.

The management fee covers our advisory services and for most clients also covers all trade execution fees charged by D.M. Kelly & Company and First Clearing, LLC. Specifically, the fee will cover all D.M. Kelly & Company/First Clearing commissions, ticket charges and any other transaction fees relating to the execution of securities transactions within client accounts unless such fees and expenses are charged separately by D.M. Kelly & Company and First Clearing, LLC. In those cases, transaction costs will be billed directly to the client's account. We receive no portion of the brokerage and transaction costs billed by D.M. Kelly & Company and First Clearing, LLC.

Allied Investment Advisors does not always charge a lower advisory fee for accounts where the brokerage and transaction costs are billed separately. Therefore, there is the potential for clients who pay brokerage and transaction costs separately to pay higher overall costs which are derived from the amount of trading activity within an account.

In addition, clients may incur certain charges imposed by third parties other than Allied Investment Advisors in connection with investments made through the account, including but not limited to, mutual fund sales loads, 12b-1 fees and surrender charges, IRA and qualified retirement plan fees. Management fees charged by Allied Investment Advisors are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to clients. A description of these fees and expenses are available in each investment company security's prospectus.

The client agreement may be terminated by either the client or Allied Investment Advisors upon 30 days written or verbal notice. The client will be entitled to a pro rata refund of any pre-paid quarterly fee, based on the number of days remaining in the quarter after termination.

#### **Fees for Investment Management Services through Client Directed Brokerage Arrangements**

The maximum annual fee charged for services through client directed brokerage accounts shall not exceed 1.90%. Clients may be charged fees based on a fixed percentage or based on a tiered fee schedule. The following fee schedule is an example of a typical fee schedule and is provided for illustrative purposes.

##### **Total Account Value Equities and Cash**

Assets Under Management	Annualized Fee
\$0 - \$1,000,000	1.50%
\$1,000,001 to \$2,500,000	1.25%
Over \$2,500,000	1.00%

The actual fee charged to each client shall be determined prior to establishing the arrangement and stated in the Allied Investment client agreement (or addendum). The exact client fee shall be determined (and in some cases negotiated) based on the client's amount of assets under management, overall investment objective (asset allocation), discretionary versus non-discretionary trading authorization, and the complexity of the client's overall financial situation.

Fees are calculated by multiplying the assets under management by the relevant percent and dividing such product by four. Accounts opened in mid-quarter will be assessed at a pro-rated management fee. Fees are payable quarterly in advance. Fees for the initial quarter will be adjusted pro-rata based on the number of calendar days in the calendar quarter in which the Allied Investment Advisors Investment Management Client Agreement goes into effect.

All management fees will be paid directly by the client to Allied Investment Advisors or may be debited from the client's account. For clients that pay fees directly, payment is due upon the client's receipt of the billing statement from Allied Investment Advisors. The billing statement will show the amount of fees due for the current quarter, the manner in which the fees are calculated, any adjustments to the fees, and explanations of any adjustments. When fees are debited from the client's account, Allied Investment Advisors will calculate the fee and send fee debit instructions to the account custodian or administrator.

Brokerage fees and/or transaction ticket fees charged by the custodian will be billed directly to the client. Allied Investment Advisors does not receive any portion of such fees from the custodian or client. In addition, clients may incur certain charges imposed by third parties other than Allied Investment Advisors in connection with investments made through the account, including but not limited to, mutual fund sales loads, 12b-1 fees and surrender charges, IRA and qualified retirement plan fees. Management fees charged by Allied Investment Advisors are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to clients. A description of these fees and expenses are available in each investment company security's prospectus.

The Allied Investment Advisors Investment Management Client Agreement may be terminated by either party (i.e. Allied Investment Advisors or the client) upon 30 days written or verbal notice to the other party. After the initial five-day period, the client will be entitled to a pro-rata refund of any pre-paid quarterly fee, based on the number of days remaining in the quarter after termination.

## **Item 5 – Account Requirements and Types of Clients**

### **Account Minimums**

Generally, the minimum dollar value of assets required to establish a managed account is \$100,000. However, Allied Investment Advisors may waive or lower the account minimum at its discretion. All clients are required to execute an agreement for services in order to establish a client arrangement with Allied Investment Advisors.

### **Types of Clients**

Allied Investment Advisors generally provides investment advice to the following types of clients:

- Individuals
- High-Net Worth Individuals
- Pension and profit sharing plans
- Trusts, estates, or charitable organizations
- Corporations and other businesses

## **Item 6 – Portfolio Manager Selection and Evaluation**

The Program does not allow investment advisor representatives or clients to utilize portfolio managers that are not associated with Allied Investment Advisors. In other words, the only portfolio managers selected for managing client assets in the Program are investment advisor representatives of Allied Investment Advisors. Therefore, conflicts of interest present in other wrap-fee programs that make available both affiliated and unaffiliated portfolio managers are not present in this Program. Because the Program does not provide for a multitude of outside portfolio managers, Allied Investment Advisors does not have procedures designed to select outside portfolio managers. Most of the items required by this item of the Wrap Fee Program Brochure instructions do not apply to Allied Investment Advisors. Items that do apply are answered below.

### **Performance-Based Fees and Side-By-Side Management**

Allied Investment Advisors does not charge or accept performance-based fees. Regulators have defined performance based fees as charging fees based on a share of capital gains on or capital appreciation of the assets held within a client's account.

### **Methods of Analysis**

Allied Investment Advisors primarily relies on Fundamental analysis which is a method of evaluating a security by attempting to measure its intrinsic value through examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of companies). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

The risk associated with fundamental analysis is that it is somewhat subjective. While a quantitative approach is possible, fundamental analysis usually entails a qualitative assessment of how market forces interact with one another in their impact on the investment in question. It is possible for those market forces to point in different directions, thus necessitating an interpretation of which forces will be dominant. This interpretation may be wrong, and could therefore lead to an unfavorable investment decision.

### **Investment Strategies**

Allied Investment Advisors primarily implements a "long-term" approach to investing. This means we design portfolios for the "long-term". The exact period will vary depending on the client's circumstances and needs, but generally means investing for 5 years to 20 years from inception. Specific investments selected will typically be held for periods of at least one year or longer. Depending on the client's circumstances and investment selected, we may recommend and purchase investments with the intent to hold them for up to five years or longer. The risk associated with long term investing is that we do not actively change our positions when there are short-term periods of fluctuation and volatility. This is because we strive to select investments based on anticipated results for longer periods rather than short-term swings in the market. Because we do not implement an "active" trading strategy and do not manage accounts for short-term benefits, our managed accounts may not take advantage of short-term price fluctuations compared to a market-timer or short-swing investor.

### **Risk of Loss**

Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. You should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated when investing in securities through our investment management program.

- Market Risk – The stock market as a whole goes down which may result in reduction of the value of an individual company. This is also referred to as systemic risk.
- Equity (stock) market risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- Company Risk. When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- Fixed Income Risk. When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk. There is also the risk that fixed income investments may lose value when interest rates rise (interest rate risk).
- ETF and Mutual Fund Risk – When investing in an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds.
- Management Risk – Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment may decrease.

### **Voting Client Securities**

Allied Investment Advisors does **not** vote proxies on behalf of your account. While there are some investment advisors that will vote proxies and other corporate decisions on behalf of their clients, we have determined that taking on the responsibility for voting client securities does not add enough value to the services provided to clients to justify the additional compliance and regulatory costs associated with voting client securities. Therefore, it is your responsibility to vote all proxies for securities held in accounts managed by our firm.

Clients will receive proxies directly from their custodian or transfer agent and such documents will not be delivered by our firm. Although we do not vote client proxies, if you have a question about a particular proxy feel free to contact us.

### **Class Action Lawsuits**

Clients retain the right under the applicable securities laws to initiate individually a lawsuit or join a class-action lawsuit against the issuer of a security that was held, purchased or sold by or for the client. Allied Investment Advisors will not initiate such a legal proceeding on behalf of an advisory client and does not provide legal advice to its clients regarding potential causes of action against such a security issuer and whether a client should join a class-action lawsuit. Allied Investment Advisors recommends that clients seek legal counsel prior to making a decision regarding whether to participate in such a class-action lawsuit. Upon client's specific instruction, Allied Investment Advisors may provide assistance to its clients regarding a client's investment history related to the security underlying the individual or class-action lawsuit and provide assistance with the completion of this portion of certain class-action paperwork. At no time should such assistance by Allied Investment Advisors be deemed as a substitute for consulting with legal counsel.

### **Item 7 – Client Information Provided to Portfolio Managers**

Because only investment advisor representatives of Allied Investment Advisors serve as portfolio managers, investment advisor representatives or their assistants are responsible for gathering all information provided by clients. Investment advisor representatives will interview and work with clients to gather all information needed relative to their investment objectives and needs in order to provide management services through the Program. Clients need to contact their investment advisor representative whenever there are changes to their financial situation that will impact or materially influence the way Allied Investment Advisors manages accounts.

### **Item 8 – Client Contact with Portfolio Managers**

Because only investment advisor representatives of Allied Investment Advisors serve as portfolio managers, there are no restrictions placed on clients' ability to contact and consult with their portfolio managers. It is the policy of Allied Investment Advisors to provide an "open channel" of communication between investment advisor representatives and their clients. Clients are encouraged to contact their investment advisor representative whenever they have questions about the management of their account.

### **Item 9 – Additional Information**

#### **Disciplinary Information**

This item is not applicable to the brochure because there are no legal or disciplinary events listed at Item 9 of the Form ADV Part 2A instructions that are material to a client's or prospective client's evaluation of our firm's business or the integrity of management.

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

Allied Investment Advisors is an independent investment advisory firm and only provides investment advisory and management services. The Firm is not engaged in any other business activities and offers no other services than those described in this Disclosure Brochure.

Allied Investment Advisors is **not** and does **not** have a related company that is a (1) broker/dealer\*, municipal securities dealer, government securities dealer or broker, (2) investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), (3) other investment adviser or financial planner, (4) futures commission merchant, commodity pool operator, or commodity trading advisor, (5) banking or thrift institution, (6) accountant or accounting firm, (7) lawyer or law firm, (8)

insurance company or agency, (9) pension consultant, (10) real estate broker or dealer, or (11) sponsor or syndicator of limited partnerships.

\*Although D.M. Kelly & Company is not technically a “related” person as defined for purposes of Form ADV, the President and owner of D.M. Kelly & Company has a 15% membership interest in Allied Investment Advisors. His membership interest in our firm creates a material conflict between our interests and those of the clients because our decision to recommend and require the use of D.M. Kelly & Company is based on our historical relationship, benefits received from D.M. Kelly & Company and their President's membership interest in our company. Please refer to Item 12 of this brochure for more details regarding our arrangements with D.M. Kelly & Company.

We do not have arrangements with third-party investment advisors or third-party money managers to refer our clients to such companies for their investment advisory and investment management services.

One of our employees, Lynn Harper, is currently licensed as an insurance agent. In her separate capacity as an insurance agent, Ms. Harper is able to sell insurance products and receive a commission for such sales. However, Ms. Harper is not permitted by our firm to solicit insurance products to our clients. Clients of Allied Investment Advisors with insurance needs are encouraged to consult with an insurance agent of their own choosing that is not affiliated with our firm. This policy is in place to avoid the conflict of interest of charging fees for our investment advice and earning additional commissions on the sale of insurance.

#### **Code of Ethics Summary**

Allied Investment Advisors has established a Code of Ethics. As a fiduciary, it is an investment advisor's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each client at all times. This fiduciary duty is considered the core underlying principle for our Code of Ethics which also covers our Insider Trading and Personal Securities Transactions Policies and Procedures. We are committed to conducting business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Full disclosure of all material facts and potential conflicts of interest will be provided. Our business and client dealings will be honest, ethical and fair. We attempt to avoid or at least disclose all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided as a summary of our Code of Ethics. However, if you would like to review the Code of Ethics in its entirety, a copy will be provided promptly upon request.

#### **Affiliate and Employee Personal Securities Transactions Disclosure**

Allied Investment Advisors or our personnel may buy or sell for their personal accounts, investment products identical to those recommended to clients. This creates a potential conflict of interest. It is the express policy of Allied Investment Advisors that all persons associated in any manner with our firm must place the interests of our clients ahead of their own when implementing personal investments. Allied Investment Advisors and its associated persons shall not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of employment or association with our firm unless the information is also available to the investing public upon reasonable inquiry. In order to minimize this conflict of interest, securities recommended by Allied Investment Advisors are widely held and publicly traded. In addition, we have implemented internal procedures requiring all personnel to report their personal securities transactions and holdings to the firm for review and monitoring purposes.

### **Account Reviews and Reviewers**

General underlying investments held in accounts managed by Allied Investment Advisors are typically reviewed on a weekly basis. Cash balance reports are prepared on a daily basis. Accounts with high cash balances are printed and reviewed to determine appropriate investment of the excess cash balances. Typically, on a quarterly basis accounts are printed and reviewed to determine consistency with stated investment objectives. Clients are contacted at least annually for the purpose of reviewing the client's account(s) and to determine if there have been changes in the client's financial situation or investment objectives. The calendar is the main triggering factor, although more frequent reviews may also be triggered by changes in the client's circumstances, client request, or changes within the market. Investments held within client accounts are reviewed on a more frequent basis.

Gary Lucas, Bart Aby, and Kellie Hirsch are responsible for reviewing accounts.

### **Statements and Reports**

Clients will receive account statements at least quarterly from the broker/dealer serving as qualified custodian (e.g. First Clearing, LLC). In addition, clients may receive periodic performance reports from Allied Investment Advisors. Clients are encouraged to always compare reports provided by Allied Investment Advisors against the accounts statements delivered from the broker/dealer-qualified custodian.

### **Client Referrals and Other Compensation**

#### **Client Referrals**

Allied Investment Advisors does not directly or indirectly compensate any person or company for client referrals.

#### **Other Compensation**

The only form of revenue received by Allied Investment Advisors is the fees we charge for providing investment advisory services. We also receive non-economic benefits from D.M. Kelly & Company and First Clearing, LLC. Please refer to Item 4 for details. Otherwise, we receive no other forms of compensation.

### **Financial Information**

Allied Investment Advisors does not require or solicit prepayment of more than \$500 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, Allied Investment Advisors has not been the subject of a bankruptcy petition at any time.



**Information Required by Part 2B of Form ADV: *Brochure Supplement***

**Gary R. Lucas**

1648 Poly Drive, Suite 102  
Billings, MT 59102  
406-839-2035

**Item 1 – Cover Page**

This brochure supplement provides information about Gary R. Lucas that supplements the information previously provided in this brochure. Please contact Mr. Lucas if you have any questions about the contents of this supplement. Additional information about Mr. Lucas is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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

Please see Item 10 of this Disclosure Brochure for Mr. Lucas's education and business experience background.

**Item 3 – Disciplinary Information**

Mr. Lucas has not been involved in any legal or disciplinary events required to be reported in this section.

**Item 4 – Other Business Activities**

Mr. Lucas is not involved in any business activities outside of Allied Investment Advisors, LLC.

**Item 5 – Additional Compensation**

Other than his regular compensation package, Mr. Lucas receives no other forms of compensation in connection with providing advisory services through Allied Investment Advisors, LLC.

**Item 6 – Supervision**

Mr. Lucas is ultimately responsible for supervising activities and services provided by the Firm. Mr. Lucas is responsible for monitoring investment accounts under his control, but actively seeks the assistance of Bart Aby and Kellie Hirsch when needed. Mr. Lucas can be contacted at 406-839-2035.

**Bart Aby**

1648 Poly Drive, Suite 102  
Billings, MT 59102

**Item 1 – Cover Page**

This brochure supplement provides information about Bart Aby that supplements the information previously provided in this brochure. Please contact Mr. Aby if you have any questions about the contents of this supplement. Additional information about Mr. Aby is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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

Please see Item 10 of this Disclosure Brochure for Mr. Aby's education and business experience background.

**Item 3 – Disciplinary Information**

Mr. Aby has not been involved in any legal or disciplinary events required to be reported in this section.

**Item 4 – Other Business Activities**

In addition to working for Allied Investment Advisors, Mr. Aby is a part-time rancher and livestock owner. This is a non-investment related activity that is completely separate from Allied Investment Advisors, LLC. Mr. Aby devotes approximately twenty-four (24) hours per month on this activity none of which is spent during Allied Investment Advisors, LLC's normal business hours.

**Item 5 – Additional Compensation**

Other than his regular compensation package, Mr. Aby receives no other forms of compensation in connection with providing advisory services through Allied Investment Advisors, LLC.

**Item 6 – Supervision**

Gary Lucas is ultimately responsible for supervising activities and services provided by the Firm including the services provided by Mr. Aby. Investment accounts and the advice provided by Mr. Aby are reviewed by Mr. Lucas on an on-going basis. Mr. Lucas can be contacted at 406-839-2035

**Kellie Hirsch**

1648 Poly Drive, Suite 102  
Billings, MT 59102  
406-839-2035

**Item 1 – Cover Page**

This brochure supplement provides information about Kellie Hirsch that supplements the information previously provided in this brochure. Please contact Ms. Hirsch if you have any questions about the contents of this supplement. Additional information about Ms. Hirsch is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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

Please see Item 10 of this Disclosure Brochure for Ms. Hirsch's education and business experience background.

**Item 3 – Disciplinary Information**

Ms. Hirsch has not been involved in any legal or disciplinary events required to be reported in this section.

**Item 4 – Other Business Activities**

Ms. Hirsch has no outside business activities.

**Item 5 – Additional Compensation**

Other than her regular compensation package, Ms. Hirsch receives no other forms of compensation in connection with providing advisory services through Allied Investment Advisors, LLC.

**Item 6 – Supervision**

Gary Lucas is ultimately responsible for supervising activities and services provided by the Firm including the services provided by Ms. Hirsch. Investment accounts and the advice provided by Ms. Hirsch are reviewed by Mr. Lucas on an on-going basis. Mr. Lucas can be contacted at 406-839-2035

## Customer Privacy Policy Notice

In November of 1999, Congress enacted the Gramm-Leach-Bliley Act (GLBA). The GLBA requires certain financial institutions, such as investment advisor firms, to protect the privacy of customer information. In situations where a financial institution does disclose customer information to nonaffiliated third parties, other than permitted or required by law, customers must be given the opportunity to opt out or prevent such disclosure. Allied Investment Advisors does not share or disclose customer information to nonaffiliated third parties except as permitted or required by law.

Allied Investment Advisors is committed to safeguarding the confidential information of its clients. The advisor holds all personal information provided by clients in the strictest confidence and it is the objective of Allied Investment Advisors to protect the privacy of all clients. Except as permitted or required by law, Allied Investment Advisors does not share confidential information about clients with nonaffiliated parties. In the event that there were to be a change in this policy, Allied Investment Advisors will provide clients with written notice and clients will be provided an opportunity to direct Allied Investment Advisors as to whether such disclosure is permissible.

To conduct regular business, Allied Investment Advisors may collect personal information from sources such as:

- Information reported by the client on applications or other forms the client provides to Allied Investment Advisors
- Information about the client's transactions implemented by Allied Investment Advisors or others
- Information developed as part of analyses or investment advisory services

To administer, manage, service, and provide related services for client accounts, it is necessary for Allied Investment Advisors to provide access to customer information within the firm and to nonaffiliated companies with whom Allied Investment Advisors has entered into agreements with. To provide the utmost service, Allied Investment Advisors may disclose the information below regarding customers and former customers, as necessary, to companies to perform certain services on behalf of Allied Investment Advisors.

- Information Allied Investment Advisors receives from the client on applications (name, social security number, address, assets, etc.)
- Information about the client's transactions with Allied Investment Advisors or others (account information, payment history, parties to transactions, etc.)
- Information concerning investment advisory account transactions
- Information about a client's financial products and services transaction with Allied Investment Advisors

Since Allied Investment Advisors shares nonpublic information solely to service client accounts, Allied Investment Advisors does not disclose any nonpublic personal information about customers or former customers to anyone, except as permitted by law. However, Allied Investment Advisors may also provide customer information outside of the firm as required by law, such as to government entities, consumer reporting agencies or other third parties in response to subpoenas.