

## Item 1 - Cover Page



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### Form ADV Brochure

May 14, 2014

This brochure provides information about the qualifications and business practices of Cypress Capital, LLC. If you have any questions about the contents of this brochure, please contact us at (615) 467-6070 or [info@cypresscapital.com](mailto:info@cypresscapital.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state authority.

Cypress Capital, LLC is an investment advisory firm registered with the appropriate regulatory authority. Registration does not imply a certain level of skill or training. Additional information about Cypress Capital, LLC also is available on the SEC's website at [www.AdviserInfo.sec.gov](http://www.AdviserInfo.sec.gov).

## Item 2 - Material Changes

This Brochure is prepared in the revised format required beginning in 2011. This is the initial Brochure of Cypress Capital, LLC, and is prepared according to the SEC's requirements and rules. In the future, this Item will discuss only specific material changes that are made to the Brochure and will provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure. We will further provide you with a new Brochure as necessary based on changes, new information, or at your request, at any time, without charge.

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#### ***Item 4 - Advisory Business***

##### **General Information**

Cypress Capital, LLC ("Cypress Capital") was formed in 2014, and provides financial planning, portfolio management, and general consulting services to its clients.

Jeff Hays, Keith Hays, Mark Dodson and Michael Brooks are the principal owners of Cypress Capital. Please see ***Brochure Supplements***, Exhibit A, for more information on these principal owners and other individuals who formulate investment advice and have direct contact with clients, or have discretionary authority over client accounts.

Cypress Capital is a newly formed Registered Investment Advisory firm and does not currently have any assets under management.

#### **SERVICES PROVIDED**

At the outset of each client relationship, Cypress Capital spends time with the client, asking questions, discussing the client's investment experience and financial circumstances, and reviewing options for the client. Based on its reviews, Cypress Capital generally develops with each client:

- a financial outline for the client based on the client's financial circumstances and goals, and the client's risk tolerance level (the "Financial Profile"); and
- the client's investment objectives and guidelines (the "Investment Plan").

The Financial Profile is a reflection of the client's current financial picture and a look to the future goals of the client. The Investment Plan outlines the allocation of investments among proprietary models that Cypress Capital manages or other appropriate individual securities. Each client's allocation among these proprietary models and/or other securities will be determined based on their goals, investment objectives and particular willingness and ability to assume various levels of risk. The Profile and the Plan are discussed regularly with each client, but are not necessarily written documents.

Where Cypress Capital provides general consulting services, we will work with the client to prepare an appropriate summary of the specific project(s) to the extent necessary or advisable under the circumstances.

To implement the client's Investment Plan, Cypress Capital will manage the client's investment portfolio on a discretionary basis. As a discretionary investment adviser, Cypress Capital will have the authority to supervise and direct the portfolio without prior consultation with the client.

Notwithstanding the foregoing, clients may impose certain written restrictions on Cypress Capital in the management of their investment portfolios, such as prohibiting the inclusion of certain types of investments in an investment portfolio or prohibiting the sale of certain investments held in the account at the commencement of the relationship. Each client should note, however, that restrictions imposed by a client may adversely affect the composition and performance of the client's investment portfolio. Each client should also note that his or her investment portfolio is treated individually by giving consideration to each purchase or sale for the client's account. For these and other reasons, performance of client investment portfolios within the same investment

objectives, goals and/or risk tolerance may differ and clients should not expect that the composition or performance of their investment portfolios would necessarily be consistent with similar clients of Cypress Capital.

#### General Consulting

In addition to the foregoing services, Cypress Capital may provide general consulting services to clients. These services are generally provided on a project basis, and may include, without limitation, minimal cash flow planning for certain events such as education expenses or retirement, estate planning analysis, income tax planning analysis and review of a client's insurance portfolio, as well as other matters specific to the client as and when requested by the client and agreed to by Cypress Capital. The scope and fees for consulting services will be negotiated with each client at the time of engagement for the applicable project.

### ***Item 5 - Fees and Compensation***

#### General Fee Information

Fees paid to Cypress Capital are exclusive of all custodial and transaction costs paid to the client's custodian, brokers or other third party consultants. Please see ***Item 12 - Brokerage Practices*** for additional information. Fees paid to Cypress Capital are also separate and distinct from the fees and expenses charged by mutual funds, ETFs (exchange traded funds) or other investment pools to their shareholders (generally including a management fee and fund expenses, as described in each fund's prospectus or offering materials). The client should review all fees charged by funds, brokers, Cypress Capital and others to fully understand the total amount of fees paid by the client for investment and financial-related services.

#### Portfolio Management Fees

The annual fee schedule is based on a percentage of assets under management. The standard annual investment management fee for Cypress Capital's investment advisory services is as follows:

<u>Account Asset Value</u>	<u>Annual Fee Rate</u>
On the first \$1,000,000	1.40%
On the next \$2,000,000	0.75%
On the next \$2,000,000	0.65%
On assets over \$5,000,000	0.50%

Portfolio management fees are generally payable quarterly, in advance. If management begins after the start of a quarter, fees will be prorated accordingly. With client authorization, unless other arrangements are made, fees are normally debited directly from client account(s).

Fees will be prorated for in-flows (deposits) made during the quarter, to the extent such in-flows exceed \$50,000. Any such additional pro-rated fee will be assessed at the end of the applicable quarter. Cypress Capital may, at its discretion, make exceptions to the foregoing or negotiate special fee arrangements where Cypress Capital deems it appropriate under the circumstances. Specific fee arrangements are described fully in your Agreement with us.

The minimum portfolio value is generally set at \$500,000. Should the market value of your account fall below the stated minimum, as agreed to in your Agreement, because of withdrawals, distributions, or your request to transfer account assets, we will have the right to require that additional monies be deposited to bring the account value up to the required minimum, or terminate the account. In some circumstances, minimum account values may be negotiable.

Either Cypress Capital or the client may terminate their Investment Management Agreement at any time, subject to any written notice requirements in the agreement. In the event of termination, any paid but unearned fees will be promptly refunded to the client based on the number of days that the account was managed, and any fees due to Cypress Capital from the client will be invoiced or deducted from the client's account prior to termination.

#### General Consulting Fees

When Cypress Capital provides general consulting services to clients, these services are generally separate from Cypress Capital's portfolio management services. Fees for general consulting are negotiated at the time of the engagement for such services, and are normally based on an hourly or fixed fee basis.

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

Cypress Capital does not have any performance-based fee arrangements. "Side by Side Management" refers to a situation in which the same firm manages accounts that are billed based on a percentage of assets under management and at the same time manages other accounts for which fees are assessed on a performance fee basis. Because Cypress Capital has no performance-based fee accounts, it has no side-by-side management.

#### ***Item 7 - Types of Clients***

Cypress Capital serves individuals, pension and profit-sharing plans, corporations, trusts, estates and charitable organizations. With some exceptions, the minimum portfolio value eligible for conventional investment advisory services is \$500,000. There is no minimum annual fee. Under certain circumstances and in its sole discretion, Cypress Capital may negotiate such minimums.

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

##### Methods of Analysis

The portfolios managed at Cypress will utilize both quantitative and qualitative research methods. Investment decisions will be drawn from internally designed criteria as well as information obtained from external research providers such as Zephyr and Morningstar. The securities purchased will primarily consist of ETFs and mutual funds but individual equities and/or bonds may be utilized as part of the portfolio. For certain designated models option overwriting and/or hedging techniques may be employed as an income producing and/or risk reduction strategy.

##### Investment Strategies

In the course of our management process and as appropriate on a case by case basis, we will employ any of the following investment strategies.

- Long-Term Purchases: Long-term purchases generally involve the acquisition of an investment instrument and holding it for a period of at least one year.
- Short-Term Purchases: Short-term purchases generally involve the acquisition of an investment instrument and holding it for a period of not more than one year.
- Trading: Trading generally involves the acquisition of an investment instrument and holding it for a period of at not more than thirty days.

- **Margin Trading:** Margin trading, or “trading on margin,” as it is generally stated, involves the ability to purchase a dollar value of securities that is greater than the dollar value of funds you have available for the purchase. Essentially, trading on margin means that you can borrow additional funds, generally from the firm that holds your brokerage account, to purchase investment instruments that exceed the amount with which you have funded your account.
- **Option Writing (including covered/uncovered options or spreading strategies):** We will also employ the use of options trading in the event that such trading complements an investment strategy we may be carrying out for a particular client. An option is the right either to buy or sell a specified amount or value of a particular underlying investment instrument at a fixed price (i.e. the “exercise price”) by exercising the option before its specified expiration date. Options giving you the right to buy are called “call” options. Options giving you the right to sell are called “put” options. When trading options on behalf of a client, we may use covered or uncovered options or various strategies such as spreads and straddles. Covered options involve options trading when you own the underlying instrument on which the option is based. Uncovered options involve options trading when you do not own the underlying instrument on which the option is based. Spread options are options whose values are derived from the difference in price of two different underlying assets or components.

Investing in securities or other investment products involves the risk of loss and you should be prepared to bear such losses. Risks are discussed in more detail in the “*Risk of Loss*” section below.

#### Risk of Loss

While Cypress Capital seeks to diversify clients’ investment portfolios across various asset classes consistent with their Investment Plans in an effort to reduce risk of loss, all investment portfolios are subject to risks. Accordingly, there can be no assurance that client investment portfolios will be able to fully meet their investment objectives and goals, or that investments will not lose money. ***Below is a description of several of the principal risks that client investment portfolios face, and that investors must be prepared to bear.***

***Capital Risk*** -Capital risk is one of the most basic, fundamental risks of investing; it is the risk that you may lose 100 percent of your money. All investments carry some form of risk and the loss of capital is generally a risk for any investment instrument.

***Credit Risk*** - Credit risk can be a factor in situations where an investment’s performance relies on a borrower’s repayment of borrowed funds. With credit risk, an investor can experience a loss or unfavorable performance if a borrower does not repay the borrowed funds as expected or required. Investment holdings that involve forms of indebtedness (i.e. borrowed funds) are subject to credit risk.

***Currency Risk*** - Fluctuations in the value of the currency in which your investment is denominated may affect the value of your investment and thus, your investment may be worth more or less in the future. All currency is subject to swings in valuation and thus, regardless of the currency denomination of any particular investment you own, currency risk is a realistic risk measure. That said, currency risk is generally a much larger factor for investment instruments denominated in currencies other than the most widely used currencies (U.S. dollar, British pound, Euro, Japanese yen, etc.).

*Economic Risk* - The prevailing economic environment is important to the health of all businesses. Some companies, however, are more sensitive to changes in the domestic or global economy than others. These types of companies are often referred to as cyclical businesses. Countries in which a large portion of businesses are in cyclical industries are thus also very economically sensitive and carry a higher amount of economic risk. If an investment is issued by a party located in a country that experiences wide swings from an economic standpoint or in situations where certain elements of an investment instrument are hinged on dealings in such countries, the investment instrument will generally be subject to a higher level of economic risk.

*Financial Risk* - Financial risk is represented by internal disruptions within an investment or the issuer of an investment that can lead to unfavorable performance of the investment. Examples of financial risk can be found in cases like Enron or many of the “dot com” companies that were caught up in a period of extraordinary market valuations that were not based on solid financial footings of the companies.

*Higher Trading Costs* – For any investment instrument or strategy that involves active or frequent trading, you may experience larger than usual transaction-related costs. Higher transaction-related costs can negatively affect overall investment performance.

*Inflation Risk* - Inflation risk involves the concern that in the future, your investment or proceeds from your investment will not be worth what they are today. Throughout time, the prices of resources and end-user products generally increase and thus, the same general goods and products today will likely be more expensive in the future. The longer an investment is held, the greater the chance that the proceeds from that investment will be worth less in the future than what they are today. Said another way, a dollar tomorrow will likely get you less than what it can today.

*Interest Rate Risk* - Certain investments involve the payment of a fixed or variable rate of interest to the investment holder. Once an investor has acquired or has acquired the rights to an investment that pays a particular rate (fixed or variable) of interest, changes in overall interest rates in the market will affect the value of the interest-paying investment(s) they hold. In general, changes in prevailing interest rates in the market will have an inverse relationship to the value of existing, interest paying investments. In other words, as interest rates move up, the value of an instrument paying a particular rate (fixed or variable) of interest will go down. The reverse is generally true as well.

*Legal/Regulatory Risk* - Certain investments or the issuers of investments may be affected by changes in state or federal laws or in the prevailing regulatory framework under which the investment instrument or its issuer is regulated. Changes in the regulatory environment or tax laws can affect the performance of certain investments or issuers of those investments and thus, can have a negative impact on the overall performance of such investments.

*Liquidity Risk* - Certain assets may not be readily converted into cash or may have a very limited market in which they trade. Thus, you may experience the risk that your investment or assets within your investment may not be able to be liquidated quickly, thus, extending the period of time by which you may receive the proceeds from your investment. Liquidity risk can also result in unfavorable pricing when exiting (i.e. not being able to quickly get out of an investment before the price drops significantly) a particular investment and therefore, can have a negative impact on investment returns.



### *Margin Risk*

- You can lose more funds than you deposit in a margin account. A decline in value of securities that are purchased on margin may require you to provide additional funds to the custodian holding your margin account in order to avoid a forced sale of those securities or other securities in your account.
- The custodian holding your margin account can force the sale of securities in your margin account. If the equity in your account falls below the margin maintenance level required by law or below the custodian's "house" requirement, the custodian can sell the securities in your account to cover the margin deficiency. You will be responsible for any shortfall in the account after such sale.
- Securities can be sold without contacting you prior to sale. Some investors mistakenly believe they must be contacted before a margin call becomes valid and that securities in their accounts cannot be liquidated to meet the call unless they have been contacted ahead of time. Most firms will attempt to notify you of margin calls, however, they are not required to do so. Even if the custodian has contacted you to provide a specific date by which you can meet a margin call, the custodian can still take necessary steps to protect its financial interests, including immediately selling the securities without notice to you.
- You are not entitled to choose which securities in your margin account are liquidated or sold to meet your margin call. Because the securities are used as collateral for the margin loan, the custodian has the right to decide which securities to sell in order to protect its interests.
- The custodian can increase its "house" maintenance requirement at any time and is not required to provide you with advance, written notice. These changes in policy can take effect immediately and may result in the issuance of a margin maintenance call. Your failure to satisfy this call may cause a forced liquidation in your account.
- You are not entitled to an extension of time on a margin call. While an extension of time to meet margin requirements may be available to clients under certain conditions, a client does not have the right to the extension.

*Market Risk* - The market value of an investment will fluctuate as a result of the occurrence of the natural economic forces of supply and demand on that investment, its particular industry or sector, or the market as a whole. Market risk may affect a single issuer, industry or sector of the economy or may affect the market as a whole. Market risk can affect any investment instrument or the underlying assets or other instruments held by or traded within that investment instrument.

*Operational Risk* - Operational risk can be experienced when an issuer of an investment product is unable to carry out the business it has planned to execute. Operational risk can be experienced as a result of human failure, operational inefficiencies, system failures, or the failure of other processes critical to the business operations of the issuer or counter party to the investment.

*Technical Analysis Risk (Past Performance)* - Charting and technical analysis are often used interchangeably. Technical analysis generally attempts to forecast an investment's future potential by analyzing its past performance and other related statistics. In particular, technical analysis often times involves an evaluation of historical pricing and volume of a particular security for the purpose of forecasting where future price and volume figures may go. As with any investment analysis method, technical analysis runs the risk of not knowing the future and thus, investors should realize that even the most diligent and thorough technical analysis cannot predict or guarantee the future performance of any particular investment instrument or issuer.



*Strategy Risk* - There is no guarantee that the investment strategies discussed in this document will work under all market conditions and you should evaluate your ability to maintain any investment you are considering in light of your own investment time horizon. Investments are subject to risk, including possible loss of principal.

#### ***Item 9 - Disciplinary Information***

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of Cypress Capital or the integrity of Cypress Capital's management. Cypress Capital has no disciplinary events to report.

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

Cypress Capital is under common control with Hays Advisory, LLC, a Registered Investment Adviser.

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

##### Code of Ethics and Personal Trading

Cypress Capital has adopted a Code of Ethics ("the Code"), the full text of which is available to you upon request. Cypress Capital's Code has several goals. First, the Code is designed to assist Cypress Capital in complying with applicable laws and regulations governing its investment advisory business. Under the Investment Advisers Act of 1940, Cypress Capital owes fiduciary duties to its clients. Pursuant to these fiduciary duties, the Code requires Cypress Capital associated persons to act with honesty, good faith and fair dealing in working with clients. In addition, the Code prohibits associated persons from trading or otherwise acting on insider information.

Next, the Code sets forth guidelines for professional standards for Cypress Capital's associated persons (managers, officers and employees). Under the Code's Professional Standards, Cypress Capital expects its associated persons to put the interests of its clients first, ahead of personal interests. In this regard, Cypress Capital's associated persons are not to take inappropriate advantage of their positions in relation to Cypress Capital clients.

Third, the Code sets forth policies and procedures to monitor and review the personal trading activities of associated persons. From time to time Cypress Capital's associated persons may invest in the same securities recommended to clients. Under its Code, Cypress Capital has adopted procedures designed to reduce or eliminate conflicts of interest that this could potentially cause. The Code's personal trading policies include procedures for limitations on personal securities transactions of associated persons, reporting and review of such trading and pre-clearance of certain types of personal trading activities. These policies are designed to discourage and prohibit personal trading that would disadvantage clients. The Code also provides for disciplinary action as appropriate for violations.

##### Participation or Interest in Client Transactions

Because associated persons may invest in the same securities as those purchased in client accounts, Cypress Capital has established a policy requiring its associated persons to pre-clear transactions in certain of these securities with the Chief Compliance Officer. The goal of this policy is to avoid any conflict of interest that may present itself in these situations. Certain securities, such as CD's, treasury obligations and open-end mutual funds are exempt from this pre-clearance requirement. However, in the event of other identified potential trading conflicts of interest, Cypress Capital's goal is to place client interests first.

Consistent with the foregoing, Cypress Capital maintains policies regarding participation in initial public offerings (IPOs) and private placements in order to comply with applicable laws and avoid conflicts with client transactions. If a Cypress Capital associated person wishes to participate in an IPO or invest in a private placement, he or she must submit a pre-clearance request to obtain approval for the trade.

## ***Item 12 - Brokerage Practices***

### **Best Execution and Benefits of Brokerage Selection**

When given discretion to select the brokerage firm that will execute orders in client accounts, Cypress Capital seeks “best execution” for client trades, which is a combination of a number of factors, including, without limitation, quality of execution, services provided and commission rates. Therefore, Cypress Capital may use or recommend the use of brokers who do not charge the lowest available commission in the recognition of research and securities transaction services, or quality of execution. Research services received with transactions may include proprietary or third party research (or any combination), and may be used in servicing any or all of Cypress Capital’s clients. Therefore, research services received may not be used for the account for which the particular transaction was effected.

Cypress Capital participates in the institutional advisor program (the “Program”) offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA (“TD Ameritrade”), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers its Program to independent investment advisers. The Program includes such services as custody of securities, trade execution, clearance and settlement of transactions. We receive some benefits from TD Ameritrade through our participation in the Program.

We may recommend TD Ameritrade to Clients for custody and brokerage services. While there is no direct link between our participation in the Program and the investment advice we give to Clients, through our participation in the Program we receive economic benefits that are typically not available to TD Ameritrade retail investors. These benefits generally include, without limitation, the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Program participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors. TD Ameritrade may also pay for business consulting and professional services received by Cypress Capital’s related persons. These services are not soft dollar arrangements, but are part of the institutional platform offered by TD Ameritrade.

Some of the products and services made available by TD Ameritrade through the Program may benefit Cypress Capital but may not directly benefit our Client accounts. These products or services may assist us in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by Cypress Capital or our

personnel through participation in the Program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duties to clients, we endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by Cypress Capital or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage services.

#### Aggregated Trade Policy

Transactions for your account generally will be effected independently, unless we decide to purchase or sell the same securities for several clients at the same or approximately the same time. We may (but are not obligated to) aggregate or “batch” such orders in order to obtain best execution or to negotiate more favorable transaction rates. Batching may allow us to achieve a more favorable price on average for all clients. Batching does not guarantee the lowest possible price for trade execution; however, it is intended to reduce the overall volatility in execution price for a large number of orders that if not batched together, may experience significantly different execution prices. Conversely, in the event that we do not batch a group of orders that otherwise may be a prime candidate for a batched order, the resulting cost for some clients may be higher or lower than what we might be able to achieve by batching those same orders.

Cypress Capital will only aggregate transactions when it believes that aggregation is consistent with its duty to seek best execution (which includes the duty to seek best price) for our clients, and is consistent with the terms of Cypress Capital’s Investment Advisory Agreement with each client for which trades are being aggregated. Because our clients’ accounts are held at more than one brokerage firm, in order to provide fair and equitable treatment for all clients, we have established a rotation schedule among these brokerage firms. The trades of clients at each brokerage firm are batched together with other clients at the same brokerage firm when appropriate. The trades are then executed in aggregate at each brokerage firm through the rotation schedule, so that no group is damaged or disadvantaged over time by the timing of the executions.

Each client that participates in an aggregated order at one of the executing brokers on the rotation schedule will participate at the average share price obtained in that batch trade, with transaction costs generally shared pro-rata based on each client’s participation in the transaction. On occasion, owing to the size of a particular account’s pro rata share of an order or other factors, the commission or transaction fee charged could be above or below a breakpoint in a pre-determined commission or fee schedule set by the executing broker, and therefore transaction charges may vary among accounts. Accounts may be excluded from a block trade due to tax considerations, client direction or other factors making the account’s participation ineligible or impractical.

We will prepare, before entering an aggregated order, a written statement (“Allocation Statement”) specifying the participating client accounts and how it intends to allocate the order among those clients. If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the Allocation Statement. If the order is partially filled, it will generally be allocated pro-rata, based on the Allocation Statement, or randomly in certain circumstances. Notwithstanding the foregoing, the order may be allocated on a basis different from that specified in the Allocation Statement if all client accounts receive fair and equitable treatment, and the reason for different allocation is explained in writing and is approved by an appropriate individual/officer of Cypress Capital. Our books and records will separately reflect, for each client account included in a block trade, the securities held by and bought and sold for that account. Funds and securities of clients whose orders are aggregated will be deposited with one or more banks or broker-dealers, and neither the clients’ cash nor their securities will be held collectively any longer than is

necessary to settle the transaction on a delivery versus payment basis; cash or securities held collectively for clients will be delivered out to the custodian bank or broker-dealer as soon as practicable following the settlement, and Cypress Capital will receive no additional compensation or remuneration of any kind as a result of the proposed aggregation.

#### Trade Away Policy

We may decide to institute a practice of “Trading Away” in which we have the authority to select the executing broker to attempt to receive a more favorable execution price for the client.

Not all broker-dealers or account custodians participate in this “trading away” process and there may be times that we not be able to follow our normal “trade away” procedures. As such, if a broker-dealer or account custodian does not allow us to “trade away,” then some trades will be placed after the trades of other clients whose broker-dealers do allow “trade away” executions. Clients should understand that our practice of “trading away” may result in certain clients paying and receiving different execution prices on the same security. Historical trade-away routing information will be made available upon request.

We have implemented written trading procedures in order that the risk that any particular client would be or could be systematically advantaged or disadvantaged would be minimized.

When extenuating circumstances exist, we may alter the order-entry rotation schedule at our sole discretion. Extenuating circumstances may include (but will not be limited to) low trading volume for a specific security, or our attempt to prevent a client from having to pay multiple transaction fees due to an execution being filled over more than one day.

When selecting the executing broker for our “trade away” transactions, we generally utilize the services of one particular third-party firm and this practice can potentially affect our ability to document that you are receiving the best execution on the trades in your account. While we may have the option to “trade away” to alternative broker/dealers, we consider the following factors that have influenced this choice: competitive commission rates, consistent back-office efficiency, ability to handle specialty trades and high trade volume with low incidences of trade errors.

We regularly evaluate the quality of the executions received, as well as the factors described above, and we may choose to utilize another firm(s) or combination of firms if we determine that better executions may be obtained.

We do not receive any additional compensation or remuneration as a result of “trading away” to this or any third-party executing broker.

#### ***Item 13 - Review of Accounts***

Questions regarding situations specific to client account(s) are typically handled by Michael Brooks. In addition to handling incoming questions from clients, Michael will e-mail or call you 2 – 4 times per year to offer a review of your account(s). A member of our administrative staff may contact you on behalf of Michael Brooks in order to set up appointments or coordinate services. Operational issues for your account(s) are handled by our Operations Manager.

We will provide you with a quarterly report outlining performance, relative performance and current market and portfolio commentary. Your account custodians are responsible for providing monthly or quarterly account statements which reflect the positions (and current pricing) in each

account as well as transactions in each account, including fees paid from an account. Account custodians also provide prompt confirmation of all trading activity, and year-end tax statements, such as 1099 forms. We urge you to carefully review your account statements for accuracy, and also compare your statements to quarterly performance reports you may receive from us and/or, if applicable, your third-party financial advisor.

Events that may trigger further client account reviews in addition to the standard review process may include, but are not limited to, the performance of an individual account being an outlier to the performance of accounts with similar investment objectives, the asset allocation of an individual account being an outlier to the recommended percentages for accounts with similar investment objectives, and deposits or withdrawals occurring in an account. Other factors may include customer complaints, requests by a client to effect transactions in his/her accounts where such transactions may appear to be inconsistent with the client's previously stated investment objectives or changes in general client circumstances (marriage, divorce, retirement).

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

As noted above, Cypress Capital may receive an economic benefit from TD Ameritrade in the form of support products and services it makes available to Cypress Capital and other independent investment advisors that have their clients maintain accounts at TD Ameritrade. These products and services, how they benefit our firm, and the related conflicts of interest are described in ***Item 12 - Brokerage Practices***. The availability of TD Ameritrade products and services to Cypress Capital is based solely on our participation in the programs and not in the provision of any particular investment advice. Neither TD Ameritrade nor any other party is paid to refer clients to Cypress Capital.

#### ***Item 15 - Custody***

TD Ameritrade is the custodian of nearly all client accounts at Cypress Capital. From time to time however, clients may select an alternate broker to hold accounts in custody. In any case, it is the custodian's responsibility to provide clients with confirmations of trading activity, tax forms and at least quarterly account statements. Clients are advised to review this information carefully, and to notify Cypress Capital of any questions or concerns. Clients are also asked to promptly notify Cypress Capital if the custodian fails to provide statements on each account held.

From time to time and in accordance with Cypress Capital's agreement with clients, Cypress Capital will provide additional reports. The account balances reflected on these reports should be compared to the balances shown on the brokerage statements to ensure accuracy. At times there may be small differences due to the timing of dividend reporting, pending trades or other similar issues.

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

As described above under ***Item 4 - Advisory Business***, Cypress Capital manages portfolios on a discretionary basis. This means that after an Investment Plan is developed for the client's investment portfolio, Cypress Capital will execute that plan without specific consent from the client for each transaction. For discretionary accounts, a Limited Power of Attorney ("LPOA") is executed by the client, giving Cypress Capital the authority to carry out various activities in the account, generally including the following: trade execution; the ability to request checks on behalf of the client; and, the withdrawal of advisory fees directly from the account. Cypress Capital then directs investment of the client's portfolio using its discretionary authority. The client may limit the terms

of the LPOA to the extent consistent with the client's investment advisory agreement with Cypress Capital and the requirements of the client's custodian. The discretionary relationship is further described in the agreement between Cypress Capital and the client.

***Item 17 - Voting Client Securities***

As a policy and in accordance with Cypress Capital's client agreement, Cypress Capital does not vote proxies related to securities held in client accounts. The custodian of the account will normally provide proxy materials directly to the client. Clients may contact Cypress Capital with questions relating to proxy procedures and proposals; however, Cypress Capital generally does not research particular proxy proposals.

***Item 18 - Financial Information***

We are required to disclose any financial condition that is reasonably likely to impair our ability to meet contractual commitments with our clients. No such conditions exist.