

# Disclosure Brochure

January 1, 2015

## **Roehl & Yi Investment Advisors, LLC**

*a Registered Investment Adviser*

This brochure provides information about the qualifications and business practices of Roehl & Yi Investment Advisors, LLC (hereinafter "Roehl & Yi" or the "Firm"). If you have any questions about the contents of this brochure, please contact the Firm at the telephone number listed below. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Additional information about the Firm is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Roehl & Yi is a SEC registered investment adviser. Registration does not imply any level of skill or training.

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## Item 2. Material Changes

In this Item, Roehl & Yi is required to discuss any material changes that have been made to the brochure since the last annual amendment filed on March 18, 2014. The Firm has the following material changes to report:

- Effective January 1, 2015, the Firm's *Supervised Persons* are no longer registered representatives and/or investment adviser representatives of KMS Financial Services, Inc.

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## Item 4. Advisory Business

Roehl & Yi Investment Advisors, LLC, principally owned by Thomas H. Roehl and Jayman F. Yi, is a wealth management firm that has been serving its clients since 1998. The Firm's wealth management services include financial planning and investment management. Based on the fundamental values of teamwork, integrity, stability and professionalism, the Firm believes its clients are entitled to personal attention and the best possible counsel from investment professionals who take pride in the quality of their work. As of December 31, 2013, Roehl & Yi had \$281,126,019 assets under management, all of which were managed on a discretionary basis, provided various consulting services to qualified retirement plans and their fiduciaries with respect to plans having an aggregate value of \$334,067,035 as of December 31, 2013, and had another \$49,351,165 of assets under advisement as of December 31, 2013.

Prior to rendering any of the foregoing advisory services, clients are required to enter into one or more written agreements with Roehl & Yi setting forth the relevant terms and conditions of the advisory relationship (the "Agreement").

While this brochure generally describes the business of Roehl & Yi, certain sections also discuss the activities of its *Supervised Persons*, which refer to the Firm's officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or any other person who provides investment advice on Roehl & Yi's behalf and is subject to the Firm's supervision or control.

### Financial Planning Services

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Roehl & Yi offers clients a range of financial planning services, which may include any or all of the following functions:

- Investment Consulting
- Retirement Planning
- Estate Planning
- Charitable Giving
- Education Planning
- Asset Allocation
- Retirement Plan Analysis
- Distribution Planning
- Insurance Needs Analysis
- Family Legacy Planning

While each of these services is available on a stand-alone basis, certain of them may also be rendered in conjunction with investment portfolio management as part of a wealth management engagement (as described below). In performing these services, Roehl & Yi is not required to verify any information received from the client or from the client's other professionals (e.g., attorneys, accountants, etc.) and is expressly authorized to rely on such information.

Roehl & Yi may recommend the services of itself, its *Supervised Persons* in their individual capacities as insurance agents and/or other professionals to implement its recommendations. Clients are advised that

a conflict of interest exists if clients engage Roehl & Yi to provide additional fee-based services. Clients retain absolute discretion over all decisions regarding implementation and are under no obligation to act upon any of the recommendations made by Roehl & Yi under a financial planning engagement or to engage the services of any such recommended professionals, including Roehl & Yi itself. Clients are advised that it remains their responsibility to promptly notify the Firm of any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Roehl & Yi's previous recommendations and/or services.

### Retirement Plan Consulting Services

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Roehl & Yi provides various consulting services to qualified retirement plans and their fiduciaries. This suite of institutional services is designed to assist plan sponsors in structuring, managing and optimizing their corporate retirement plans. Each engagement is individually negotiated and customized, and may include any or all of the following services:

- Investment Management and Review
- Plan Fee and Cost Analysis
- Retirement Plan Committee Consultation
- Executive Planning and Benefits
- Benchmarking and Evaluation
- Participant Education
- Fiduciary and Compliance

As disclosed in the *Agreement*, certain of the foregoing services are provided by Roehl & Yi as a fiduciary under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). In accordance with ERISA Section 408(b)(2), each plan sponsor is provided with a written description of Roehl & Yi's fiduciary status, the specific services to be rendered and all direct and indirect compensation the Firm reasonably expects under the engagement.

### Wealth Management Services

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Roehl & Yi may provide clients with wealth management services which generally include a broad range of financial planning services as well as discretionary and/or non-discretionary management of investment portfolios.

Roehl & Yi primarily allocates client assets among various mutual funds, exchange-traded funds ("ETFs"), master limited partnerships ("MLPs"), individual debt and equity securities and options, independent investment managers ("*Independent Managers*"), as well as the securities components of variable annuities and variable life insurance contracts, in accordance with the investment objectives of its individual clients. In addition, Roehl & Yi may also recommend that clients who qualify as accredited investors, as defined by Rule 501 of the Securities Act of 1933, invest in privately placed securities, which may include debt, equity and/or interests in pooled investment vehicles (e.g., hedge funds). Where

appropriate, the Firm may also provide advice about any type of legacy position or other investment held in client portfolios.

Clients may also engage Roehl & Yi to advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, Roehl & Yi directs or recommends the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product's provider.

Roehl & Yi tailors its advisory services to meet the needs of its individual clients and continuously seeks to ensure that client portfolios are managed in a manner consistent with their specific investment profiles. Roehl & Yi consults with clients on an initial and ongoing basis to determine their specific risk tolerance, time horizon, liquidity constraints and other qualitative factors relevant to the management of their portfolios. Clients are advised to promptly notify Roehl & Yi if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if Roehl & Yi determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm's management efforts.

### **Sponsor / Manager of Wrap Program**

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Roehl & Yi is the sponsor and manager of the Roehl & Yi Wrap Fee Program (the "*Program*"), an arrangement where brokerage commissions and transaction costs are absorbed by the Firm. Accounts managed through the *Program* are done so in substantially the same manner as those managed under a non-wrap arrangement. Participants in the *Program* may pay a higher aggregate fee than if investment management and brokerage services are purchased separately. Additional information about the *Program* is available in Roehl & Yi's Wrap Brochure, which appears as Part 2A Appendix 1 of the Firm's Form ADV.

### **Use of Independent Managers**

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As mentioned above, Roehl & Yi may recommend certain *Independent Managers* to actively manage a portion of its clients' assets. The specific terms and conditions under which a client engages an *Independent Manager* are set forth in a separate written agreement between the designated *Independent Manager* and either Roehl & Yi or the client. In addition to this brochure, clients also receive the written disclosure documents of the designated *Independent Managers* engaged to manage their assets. Roehl & Yi does not receive compensation from any such *Independent Managers*.

Roehl & Yi evaluates various information about the *Independent Managers* it recommends to manage client portfolios, which may include the *Independent Managers'* public disclosure documents, materials supplied by the *Independent Managers* themselves and other third-party analyses it believes are

reputable. To the extent possible, the Firm seeks to assess the *Independent Managers'* investment strategies, past performance and risk results in relation to its clients' individual portfolio allocations and risk exposure. Roehl & Yi also takes into consideration each *Independent Manager's* management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors.

Roehl & Yi continues to provide services relative to recommendation of the *Independent Managers*. On an ongoing basis, the Firm monitors the performance of those accounts being managed by *Independent Managers*. Roehl & Yi seeks to ensure the *Independent Managers'* strategies and target allocations remain aligned with its clients' investment objectives and overall best interests.

### Item 5. Fees and Compensation

Roehl & Yi offers its services on a fee basis, which may include hourly and/or fixed fees, as well as fees based upon assets under management. Additionally, certain of Roehl & Yi's *Supervised Persons*, in their individual capacities, may offer insurance products under a separate commission arrangement.

#### Financial Planning Fees

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Roehl & Yi generally charges either a negotiable hourly and/or fixed fee to provide clients with stand-alone financial planning services. These fees are largely determined by the scope and complexity of the agreed upon services, up to \$250 on an hourly basis and \$2,000 on a fixed fee basis.

The specific terms and fee structure are negotiated in advance and set forth in the *Agreement* with Roehl & Yi. The financial planning fee is payable at the time the financial plan is delivered or the underlying services are rendered to completion. If the client engages Roehl & Yi for additional investment advisory services, Roehl & Yi may offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

#### Retirement Plan Consulting Fees

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Roehl & Yi generally charges an asset-based fee or a fixed fee to provide clients with retirement plan consulting services. Each engagement is individually negotiated and tailored to accommodate the needs of the individual plan sponsor, as memorialized in the *Agreement*. These fees vary, based on the scope of the services to be rendered. In those situations where Roehl & Yi has agreed to manage a plan's assets, the Firm may charge an annual asset-based between 10 and 75 basis points (0.10% – 0.75%), depending upon the amount of assets to be managed.

#### Wealth Management Fees

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Roehl & Yi provides investment management services for an annual fee based on the amount of assets under the Firm's management. The fee varies between 10 and 95 basis points (0.10% – 0.95%), depending upon the size of a client's portfolio and the type of services rendered.

## Roehl & Yi Investment Advisors, LLC Disclosure Brochure

The annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by Roehl & Yi on the last day of the previous billing period.

Prorated adjustments are made for capital flows (deposits and withdrawals) in the previous period. Any capital flows less than \$5,000 are excluded from proration. For the initial term of an engagement, the fee is calculated on a *pro rata* basis. In the event the *Agreement* is terminated, the fee for the final billing period is prorated through the effective date of the termination and the unearned portion is refunded to the client, unless the client is on a fixed fee basis.

### Legacy Clients and Fees

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Certain clients of the Firm may have fee arrangements different than those listed above due to the fee schedules and arrangements in place when those Clients engaged the Firm.

### Fee Discretion

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Roehl & Yi, in its sole discretion, may negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client relationship, account retention and *pro bono* activities.

### Additional Fees and Expenses

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In addition to the advisory fees paid to Roehl & Yi, clients may also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "*Financial Institutions*"). These additional charges may include securities brokerage commissions, transaction fees, custodial fees, fees charged by the *Independent Managers*, charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees and other fees and taxes on brokerage accounts and securities transactions. The Firm's brokerage practices are described at length in Item 12, below.

### Fee Debit

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Clients generally provide Roehl & Yi with the authority to directly debit their accounts for payment of the Firm's investment advisory fees. The *Financial Institutions* that act as qualified custodian for client accounts have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to Roehl & Yi. Alternatively, clients may elect to have Roehl & Yi send them an invoice for direct payment.



## Account Additions and Withdrawals

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Clients may make additions to and withdrawals from their account at any time, subject to Roehl & Yi's right to terminate an account. Additions may be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to Roehl & Yi, subject to the usual and customary securities settlement procedures. However, Roehl & Yi designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. Roehl & Yi may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

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

Roehl & Yi does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets)

## Item 7. Types of Clients

Roehl & Yi provides its services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities.

### Minimum Portfolio Size

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As a condition for starting and maintaining an investment management relationship, Roehl & Yi generally imposes a minimum portfolio size of \$2,000,000.

The Firm, in its sole discretion, may accept clients with smaller portfolios based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client relationships, account retention and *pro bono* activities. Roehl & Yi only accepts clients with less than the minimum portfolio size if, in the sole opinion of the Firm, the smaller portfolio size will not result in a substantial increase of investment risk beyond the client's identified risk tolerance. Roehl & Yi may aggregate the portfolios of family members to meet the minimum portfolio size.

Additionally, certain *Independent Managers* may impose more restrictive account requirements and varying billing practices than Roehl & Yi. In such instances, Roehl & Yi may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

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

### Methods of Analysis and Investment Strategies

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Roehl & Yi generally analyzes investments using fundamental analysis and an asset allocation strategy based on Modern Portfolio Theory ("MPT"). The due diligence process when evaluating *Independent Managers* is based upon quantitative and qualitative analysis. The Firm strives to understand *Independent Managers'* philosophies and processes.

The analysis involves an evaluation of the fundamental financial condition and competitive position of a particular fund or *Independent Managers*. For Roehl & Yi, this process typically involves an analysis of an issuer's management team, investment strategies, style drift, past performance, reputation and financial strength in relation to the asset class concentrations and risk exposures of the Firm's model asset allocations.

MPT is a mathematical based investment discipline that seeks to quantify expected portfolio returns in relation to corresponding portfolio risk. The basic premise of MPT is that the risk of a particular holding is to be assessed by comparing its price variations against those of the market portfolio. However, MPT disregards certain investment considerations and is based on a series of assumptions that may not necessarily reflect actual market conditions. As such, the factors for which MPT does not account (e.g., tax implications, regulatory constraints and brokerage costs) may negate the upside or add to the actual risk of a particular allocation. Nonetheless, Roehl & Yi's investment process is structured in such a way to integrate those assumptions and real life considerations for which MPT analytics do not account.

### Risks of Loss

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#### *General Risk of Loss*

Investing in securities involves the risk of loss. Clients should be prepared to bear potential losses.

#### *Market Risks*

The profitability of a significant portion of Roehl & Yi's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that Roehl & Yi will be able to predict those price movements accurately.

#### *Mutual Funds and ETFs*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains,

as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their *pro rata* NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

### *Master Limited Partnerships*

MLPs are collective investment vehicles, the partnership interests of which are publicly traded on national securities exchanges. MLPs invest primarily in companies within the energy sector that engage in qualifying lines of business, such as natural resource production and mineral refinement. MLPs are therefore subject to the underlying volatility of the energy industry and may be adversely affected by changes to supply and demand, regional instability, currency spreads, inflation and interest rate fluctuations, among other such factors. In addition, MLPs operate as pass-through tax entities, meaning that investors are liable for their *pro rata* share of the partnership taxes, regardless of the types of accounts where the interests are held.

### *Use of Independent Managers*

Roehl & Yi may recommend the use of *Independent Managers*. In these situations, Roehl & Yi continues to do ongoing due diligence of such managers, but such recommendations rely to a great extent on the *Independent Managers'* ability to successfully implement their investment strategies. In addition, Roehl & Yi generally may not have the ability to supervise the *Independent Managers* on a day-to-day basis.

## Item 9. Disciplinary Information

Roehl & Yi has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management.

## Item 10. Other Financial Industry Activities and Affiliations

### Receipt of Insurance Commission

Roehl & Yi is under common control with Roehl & Yi Investment Services, LLC, a duly licensed insurance agency. Certain of Roehl & Yi's *Supervised Persons*, in their individual capacities, are also licensed insurance agents with Roehl & Yi Investment Services, LLC and various insurance companies and in such capacity, may recommend, on a fully-disclosed commission basis, the purchase of certain insurance products. While Roehl & Yi does not sell such insurance products to its investment advisory clients, Roehl & Yi does permit its *Supervised Persons*, in their individual capacities as licensed insurance agents, to sell insurance products to its investment advisory clients. A conflict of interest exists to the extent that Roehl & Yi recommends the purchase of insurance products where Roehl & Yi's *Supervised Persons* receive insurance commissions or other additional compensation. Roehl & Yi's *Supervised Persons* currently devote approximately two percent of their time to insurance sales.

## Item 11. Code of Ethics

Roehl & Yi has adopted a code of ethics in compliance with applicable securities laws ("*Code of Ethics*") that sets forth the standards of conduct expected of its *Supervised Persons*. Roehl & Yi's *Code of Ethics* contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its *Supervised Persons* and the trading by the same of securities ahead of clients in order to take advantage of pending orders.

The *Code of Ethics* also requires certain of Roehl & Yi's personnel (called "*Access Persons*") to report their personal securities holdings and transactions and obtain pre-approval of certain investments (e.g., initial public offerings, limited offerings). However, Roehl & Yi *Supervised Persons* are permitted to buy or sell securities that it also recommends to clients if done in a manner consistent with the Firm's policies and procedures. This *Code of Ethics* has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by *Access Persons* to be completed without any appreciable impact on the markets of such securities. Therefore, under certain limited circumstances, exceptions may be made to the policies stated below.

When the Firm is engaging in or considering a transaction in any security on behalf of a client where there may be a potential for conflict, no *Access Person* may knowingly effect for themselves or for their

immediate family (i.e., spouse, minor children and adults living in the same household as the *Access Person*) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the *Access Person* is completed as part of a batch trade (as defined below in Item 12) with clients; or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact Roehl & Yi to request a copy of its *Code of Ethics*.

### Item 12. Brokerage Practices

Roehl & Yi generally recommends that clients utilize the brokerage and clearing services of Pershing Advisor Solutions LLC ("*Pershing*") and/or Schwab Advisor Services™ ("*Schwab*") for investment management accounts.

Factors which Roehl & Yi considers in recommending *Pershing*, *Schwab* or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. *Pershing* and *Schwab* may enable Roehl & Yi to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commission rates and/or transaction fees charged by *Pershing* and *Schwab* may be higher or lower than those charged by other *Financial Institutions*.

In cases where clients absorb commissions, the commission rates paid by Roehl & Yi's clients comply with the Firm's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where Roehl & Yi determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a *Financial Institution's* services, including among others, the value of research provided, execution capability, commission rates and responsiveness. Roehl & Yi seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Roehl & Yi periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

The client may direct Roehl & Yi in writing to use a particular *Financial Institution* to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that *Financial Institution* and the Firm will not seek better execution services or prices from other *Financial Institutions* or be able to “batch” client transactions for execution through other *Financial Institutions* with orders for other accounts managed by Roehl & Yi (as described below). As a result, the client may pay higher commissions or other transaction costs, greater spreads or may receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Roehl & Yi may decline a client’s request to direct brokerage if, in the Firm’s sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be effected independently, unless Roehl & Yi decides to purchase or sell the same securities for several clients at approximately the same time. Roehl & Yi may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among Roehl & Yi’s clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among Roehl & Yi’s clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that Roehl & Yi determines to aggregate client orders for the purchase or sale of securities, including securities in which Roehl & Yi’s *Supervised Persons* may invest, the Firm generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Roehl & Yi does not receive any additional compensation or remuneration as a result of the aggregation. In the event that the Firm determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account’s assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, Roehl & Yi may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist Roehl & Yi in its

investment decision-making process. Such research generally will be used to service all of the Firm's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because Roehl & Yi does not have to produce or pay for the products or services.

### **Software and Support Provided by Financial Institutions**

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Roehl & Yi may receive from *Pershing* and *Schwab*, without cost to Roehl & Yi, computer software and related systems support, which allow Roehl & Yi to better monitor client accounts maintained at *Pershing* and *Schwab*. Roehl & Yi may receive the software and related support without cost because Roehl & Yi renders investment management services to clients that maintain assets at *Pershing* and *Schwab*. The software and support is not provided in connection with securities transactions of clients (i.e., not "soft dollars"). The software and related systems support may benefit Roehl & Yi, but not its clients directly. In fulfilling its duties to its clients, Roehl & Yi endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Roehl & Yi's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence Roehl & Yi's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support or services.

Additionally, Roehl & Yi may receive the following benefits from *Pershing* or *Schwab* through its Schwab Institutional division: 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 then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

## **Item 13. Review of Accounts**

### **Account Reviews**

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For those clients to whom Roehl & Yi provides investment management services, Roehl & Yi monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. For those clients to whom Roehl & Yi provides financial planning services, reviews are conducted on an "as needed" basis. Such reviews are conducted by one of Roehl & Yi's investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals and objectives with Roehl & Yi and to keep Roehl & Yi informed of any changes thereto. The Firm contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.



## Account Statements and Reports

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Clients are provided with transaction confirmation notices and regular summary account statements directly from the *Financial Institutions* where their assets are custodied. From time-to-time or as otherwise requested, clients may also receive written or electronic reports from Roehl & Yi and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with those they receive from Roehl & Yi or an outside service provider.

Those clients to whom Roehl & Yi provides financial planning services will receive reports from Roehl & Yi summarizing its analysis and conclusions as requested by the client or as otherwise agreed to in writing by Roehl & Yi.

## Item 14. Client Referrals and Other Compensation

### No Solicitors

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Roehl & Yi is required to disclose any direct or indirect compensation that it provides for client referrals. Roehl & Yi does not provide compensation for client referrals.

### Other Economic Benefits

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In addition, Roehl & Yi is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. This type of relationship poses a conflict of interest and any such relationship is disclosed in response to Item 12, above.

## Item 15. Custody

Roehl & Yi's *Agreement* and/or the separate agreement with any *Financial Institution* may authorize Roehl & Yi through such *Financial Institution* to debit the client's account for the amount of Roehl & Yi's fee and to directly remit that management fee to Roehl & Yi in accordance with applicable custody rules.

The *Financial Institutions* recommended by Roehl & Yi have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Roehl & Yi. In addition, as discussed in Item 13, Roehl & Yi also sends periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the *Financial Institutions* and compare them to those received from Roehl & Yi.



### Item 16. Investment Discretion

Roehl & Yi may be given the authority to exercise discretion on behalf of clients. Roehl & Yi is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. Roehl & Yi is given this authority through a power-of-attorney included in the agreement between Roehl & Yi and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). Roehl & Yi takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold; and
- When transactions are made.

### Item 17. Voting Client Securities

Roehl & Yi is required to disclose if it accepts authority to vote client securities. Roehl & Yi does not vote client securities on behalf of its clients. Clients receive proxies directly from the *Financial Institutions*.

### Item 18. Financial Information

Roehl & Yi is not required to disclose any financial information pursuant to this Item due to the following:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.

## Roehl & Yi Investment Advisors

Prepared by:



**MARKETCOUNSEL®**  
*The Adviser's Advisor®*