

**FORM ADV PART 2A**



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Form ADV, Part 2A; as required by the Investment Advisers Act of 1940, is a disclosure document (brochure) which provides information about Cypress's qualifications and business practices to our clients. Any questions about the contents of this brochure need to be directed to the Chief Compliance Officer at 307-674-1770. The information in this brochure has not been approved or verified by the United State Securities and Exchange Commission (SEC) or by any state security authority.

Additional information about Cypress Capital Management, LLC is also available at the SEC's website, [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Simply click on the link, select "investment adviser firm" and type in our firm name. Results will provide you both Part 1 & 2 of our Form ADV.

Although Cypress is a registered adviser under the Investment Adviser Act of 1940, such registration does not imply any level of skill or training endorsement by the SEC.

## Item 2 – Material Changes

**If you are amending your *brochure* for your annual update and it contains material changes from your last annual update, identify and discuss those changes on the cover page of the *brochure* or on the page immediately following the cover page, or as a separate document accompanying the *brochure*. You must state clearly that you are discussing only material changes since the last annual update of your *brochure*, and you must provide the date of the last annual update of your *brochure*.**

Cypress Capital Management LLC (“Cypress”) is filing this brochure in connection with its annual updating requirement for 2015. Cypress is required to identify and discuss any material changes that were made to this brochure since its last annual update in March 2014. Accordingly, please note the following:

- Item 8 has been revised to provide information about the risks involved with our investment strategies.
- Item 9 has been revised to clarify that we have custody of client assets due to the fact that we can deduct fees from client accounts by giving instructions to the custodian of the account.
- Item 12 has been revised to reflect the fact that we do not accept direct brokerage from our clients. We offer our clients the choice between two brokers and we do not accept accounts that prefer to use a different broker.
- Item 17 has been revised to indicate that we do not vote proxies on behalf of our clients

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#### **Item 4 – Advisory Business**

**A. Describe your advisory firm, including how long you have been in business. Identify your principal owner(s).**

Cypress is an investment adviser registered with the SEC. The firm has been in business since 2004 and was founded by William Ebzery. Today Cypress has four employees two of which are the principal owners William and Matthew Ebzery who together own 100% of the firm.

Cypress serves as an advisory firm for separately managed accounts (“Clients”). Cypress aims to satisfy the investment return goals set by the Clients. The majorities of Cypress’s investment strategies are equity-based and include preferred stocks, large cap stocks, mid cap stocks, small cap stocks, ETFs, and closed end funds. Each of the equities are researched by a Cypress portfolio manager to determine their validity as investments, taking in account the longevity and consistency of earnings, industry area, dividends earned, management of the company, similar companies, and company income generation, before being purchased or sold in a Client’s portfolio. Options are another investment product Cypress offers to their Clients and are never exercised without Client consent. Bonds are not a product that Cypress generally offers to its Clients, however Clients have the option to purchase bonds through Morgan Stanley’s platform as a part of the Clients’ overall portfolio held in a Cypress managed account. Cypress does not use any commissioned products such as annuities. All of Client’s assets are managed on a discretionary basis, Cypress does not offer non-discretionary investment management services. Clients are also offered services such as financial planning matters, tax advice, and trust advice if they wish so. Cypress is also engaged in bookkeeping services that are provided to some clients, this makes up less than 2% of overall business and takes less than 5% of the advisors’ time.

**B. Describe the types of advisory services you offer. If you hold yourself out as specializing in a particular type of advisory service, such as financial planning, quantitative analysis, or market timing, explain the nature of that service in greater detail. If you provide investment advice only with respect to limited types of investments, explain the type of investment advice your firm offers, and disclose that your advice is limited to those types of investments.**

Cypress’ Clients are individuals, retirement accounts, foundations, corporations, trusts, and small businesses. Cypress specializes in investing in individual securities. Each security is researched with respect to the management of the company, income generation, dividends earned, industry area, consistency, and longevity of earnings. These factors determine whether the security is better suited for a growth, fixed income or a balance account, which are the main types of accounts offered by Cypress (see Item 8 below describing our investment strategies) Cypress also offers call options, preferred stocks and ETF’s to Clients interested in further diversifying their portfolios.

- C. Explain whether (and, if so, how) you tailor your advisory services to the individual needs of clients. Explain whether clients may impose restrictions on investing in certain securities or types of securities.**

Cypress tailors its services to the needs of its Clients by setting oral and written investment objectives, investment strategy and investment restrictions, if any, as discussed with the Clients, and documented in the investment advisory agreement. Clients are encouraged to convey any particular investments they retain an interest in. Cypress advisors take full consideration of the Client's preferences and views.

- D. If you participate in wrap fee programs by providing portfolio management services, (1) describe the differences, if any, between how you manage wrap fee accounts and how you manage other accounts, and (2) explain that you receive a portion of the wrap fee for your services.**

Cypress Capital Management does not use wrap fee programs.

- E. If you manage client assets, disclose the amount of client assets you manage on a discretionary basis and the amount of client assets you manage on a non-discretionary basis. Disclose the date "as of" which you calculated the amounts.**

Cypress has \$98,806,360 in assets under management as of 12/31/14.

#### **Item 5 – Fees and Compensation**

- A. Describe how you are compensated for your advisory services. Provide your fee schedule. Disclose whether the fees are negotiable.**

For most accounts, Cypress offers investment advisory services for a percentage of assets under management. We offer fixed fees to a small portion of our clients.

Our fee schedule ranges from .5% - 1.0% of assets managed (see fee schedule below). Fees are negotiated with each Client. For smaller accounts, a fixed annual fee may be charged. In both cases, fees are billed after services are rendered on a quarterly basis; therefore fees are billed in arrears.

#### **CYPRESS CAPITAL MANAGEMENT'S FEE SCHEDULE**

| <b>DOLLARS UNDER MANAGEMENT</b> | <b>FEE % CHARGED</b> |
|---------------------------------|----------------------|
| \$0 - \$750,000_____            | 1%                   |
| \$750,001 – 1,000,000_____      | .85%                 |
| \$1,000,001 OR MORE _____       | .80%                 |

Some of our clients are "grandfathered" into a no-longer available fee structure and are charged .75% regardless of the asset value of their account. Cypress maintains a minimum annual fee of \$100 for all discretionary accounts. All fees are negotiable.

- B. Describe whether you deduct fees from clients' assets or bill clients for fees incurred. If clients may select either method, disclose this fact. Explain how often you bill clients or deduct your fees.**

Cypress clients are billed quarterly based on account holdings at the end of the quarter. Clients have the option to have their bill automatically deducted or to pay with a check.

Direct debiting: At the end of each quarter, Portfolio Service, an online platform for all Client accounts serviced by Schwab Performance Technologies, calculates the fees based on the value of the account at the end of the quarter and the fee rate established with the Client. Cypress checks the fees to ensure accurate calculations were made before invoices are mailed to the Clients. Clients interested in having fees deducted directly from their accounts sign a Letter of Authorization (LOA) with the custodian designating the account eligible for automatic fee deductions. Cypress uses two custodians, Morgan Stanley and Charles Schwab. The LOA with Morgan Stanley authorizes Clients to have automatic deductions for two years until a renewal is required. Charles Schwab requires a new LOA to be signed every quarter for accounts under their umbrella. Invoices are issued based on fee calculations performed as explained above. The custodians do not check the accuracy of fee calculations. . The fees are automatically deducted out of the Clients' account around two weeks after invoices are sent to Clients by Cypress in order to give ample opportunity to all participating Clients to review the invoice.

Each month, the Client will receive a statement directly from their custodian showing all transactions, positions and credits/debits into or from the account. The monthly statements sent at quarter-end reflect the advisory fees deducted for that quarter.

Pay-by-check: If a Client does not wish to have the fees automatically deducted from its account, the Client has the alternative option to pay by check upon receiving the invoice in the mail.

- C. Describe any other types of fees or expenses *clients* may pay in connection with your advisory services, such as custodian fees or mutual fund expenses. Disclose that *clients* will incur brokerage and other transaction costs, and direct *clients* to the section(s) of your *brochure* that discuss brokerage.**

Advisory fees payable to Cypress do not include the third party custodian's fees. The following list of fees or expenses are paid by the Client directly to third parties: transaction fees, custodial fees, wire transfer and electronic fund processing fees, commissions or mark-ups/markdowns on security transactions, & others that may be incurred. Cypress does not receive, directly or indirectly, any of the custodian's fees charged to the Client.

- D. If your *clients* either may or must pay your fees in advance, disclose this fact. Explain how a *client* may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.**

Cypress bills in arrears.

- E. If you or any of your *supervised persons* accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, disclose this fact and respond to Items 5.E.1, 5.E.2, 5.E.3 and 5.E.4.**

**1. Explain that this practice presents a conflict of interest and gives you or your *supervised persons* an incentive to recommend investment products based on the compensation received, rather than on a *client's* needs. Describe generally how you address conflicts that arise, including your procedures for disclosing the conflicts to *clients*. If you primarily recommend mutual funds, disclose whether you will recommend "no-load" funds.**

**2. Explain that *clients* have the option to purchase investment products that you recommend through other brokers or agents that are not affiliated with you.**

**3. If more than 50% of your revenue from advisory *clients* results from commissions and other compensation for the sale of investment products you recommend to your *clients*, including asset-based distribution fees from the sale of mutual funds, disclose that commissions provide your primary or, if applicable, your exclusive compensation.**

- A. 4. If you charge advisory fees in addition to commissions or markups, disclose whether you reduce your advisory fees to offset the commissions or markups.**

Neither Cypress nor its employees receive any compensation from the sale of securities or investments that are purchased or sold for Client accounts; or to which Cypress provides consulting expertise/services, either directly or indirectly.

Cypress is compensated only through the management fee based on a percent of the Client's account holdings explained in Item 5. Cypress believes that it does not have any conflicts of interest regarding the receipt of additional compensation relating to Client assets.

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

**If you or any of your *supervised persons* accepts *performance-based fees* – that is, fees based on a share of capital gains on or capital appreciation of the assets of a *client* (such as a *client* that is a hedge fund or other pooled investment vehicle) – disclose this fact. If you or any of your *supervised persons* manage both accounts that are charged a *performance-based fee* and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee, disclose this fact. Explain the conflicts of interest that you or your *supervised persons* face by managing these accounts at the same time, including that you or your *supervised persons* have an incentive to favor accounts for which you or your *supervised persons* receive a *performance-based fee*, and describe generally how you address these conflicts.**

Cypress does not use performance-based fees to ensure that there is no conflict of interest. Cypress recognizes the inherent risks associated with performance based fees which give to an adviser the incentive to make riskier investments. Cypress avoids this incentive through its current fee structure that charges only management fees or fixed fees for smaller accounts.

#### **Item 7 – Types of Clients**

**Describe the types of *clients* to whom you generally provide investment advice, such as individuals, trusts, investment companies, or pension plans. If you have any requirements for opening or maintaining an account, such as a minimum account size, disclose the requirements.**

##### **Types of Clients**

We provide investment advice to a number of clients including:

Individuals / families

Family Trusts

Charitable organizations/ foundations

Corporations or business entities

Retirement accounts

Our clients do not include banks, thrift institutions and investment companies

##### **Conditions for Managing Accounts**

Cypress Capital Management has no minimum requirements for client accounts.

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

**A. Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets. Explain that investing in securities involves risk of loss that *clients* should be prepared to bear.**

Cypress takes an in-depth approach to researching and understanding securities of an issuer and its parent company. Cypress advisors formally meet bi-monthly to discuss new and current stock portfolios, and informally day to day. Security analysis methods include fundamental analysis, technical analysis, and cyclical analysis.

In our analysis process we use many different sources of information. Our main sources of information include the following:

- Financial newspapers, magazines & television
- Research of corporate activities
- Research materials prepared by third parties
- Corporate rating services
- Annual reports, prospectuses, filings with the Securities & Exchange Commission
- Company press releases
- Research through the Internet
- Research through other periodicals

The advisory team analyzes trade ideas, monitors the portfolio, performs risk and scenario analyses, and looks for investment opportunities within their strategy. The advisory team makes these determinations based on the current exposures in the portfolio, the market environment, the relative attractiveness, risk profile, and liquidity of the new position.

## **Methodology**

The investment process used by Cypress is mainly a single security approach to investing; individual stocks are purchased in lieu of mutual funds. All accounts fall into one of the following four categories:

- Balanced - Mixture of the following:
  - 45 – 55 % stock equities,
  - 25 – 35% - master limited partnerships and preferred stocks
  - Remainder in cash
- Fixed Income – Mixture of the following:
  - Preferred stocks
  - Master limited partnerships
  - Real estate investment trusts
  - Remainder in cash
- Growth- Mixture of the following:
  - Up to 95% in stock equities
  - Common stocks
  - Master limited partnerships
  - Preferred stocks & real estate investment trusts
  - Options
  - Remainder in cash
- IRA – defined as either Balanced or Growth by the Client

**B. For each significant investment strategy or method of analysis you use, explain the material risks involved. If the method of analysis or strategy involves significant or unusual risks, discuss these risks in detail. If your primary strategy involves frequent trading of securities, explain how frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.**



## Investment Strategies

Cypress implements investment strategies based on the needs of the Clients and considers factors such as the longevity or short term use of the account.

- Long term purchases – which are securities held at least a year
- Short term purchase – which are securities sold within a year
- Trading – which are securities sold within 30 days
- Option trading – which includes writing covered options, as well as purchasing uncovered options
- We do not employ the use of short sales or margin transactions.

Cypress believes each of these strategies pose some risk under certain economic conditions. By diversifying the client's portfolio, Cypress aims to shelter the Client from undue risk. Client investment goals are always the first and foremost concern in any investment strategy or combination of such. Cypress's focus on individualized attention to all of our Client's accounts enables our advisors to quickly react to market conditions and therefore to attempt to minimize significant losses for Clients.

Some potential risks applicable to Cypress's investment strategies are as follows.

### Concentration of Investments

Cypress generally seeks to maintain a diversified portfolio. However clients may occasionally hold minimal investments. Clients could be subject to significant losses if they are concentrated in a particular investment that declines in value.

### Volatility

The market value of investments may be volatile, and will generally fluctuate due to a variety of factors that are difficult to predict, including but not limited to, specific developments within a company or an industry, international events, economic conditions, and political events.

### Dependence on Key Individuals

Cypress depends heavily on the continued ability of William and Matthew Ebzery to research and make investments.

### Systems Risks

Cypress relies on computer programs and systems in connection with client accounts with making day to day transaction and monitoring, including: trading, evaluating certain investments, monitoring each client's portfolio, and generating reports. A system failure could lead to inaccurate accounting, recording, processing of trades, and cause inaccurate reports, which may affect the ability to monitor the clients' account. Block trading takes place through the Morgan Stanley system that could result in a partially filled order due to a technical glitch.

### Reinvestment Risk:

This is the risk that future proceeds from investments, specifically preferred securities, may have to be reinvested at a potentially lower rate of return

## **C. If you recommend primarily a particular type of security, explain the material risks involved. If the type of security involves significant or unusual risks, discuss these risks in detail.**

**All investments involve the risk of loss of capital. The nature of the investment instruments held by Cypress include some specific risks explained below:**

## Options

Cypress participates in covered calls and protective puts, such trading involves a level of risk. Specific market movements of the securities underlying an option cannot accurately be predicted. The writer of an option is subject to the risk of loss resulting from the difference between the premium received for the option and the price of the security underlying the option which the writer must purchase or deliver upon exercise of the option.

## Equity Investments

A Client's investment portfolio may include long positions in equity securities of U.S. and non-U.S. listed companies. Equity securities fluctuate in value in response to many factors, including, among others, the activities and financial condition of individual companies, the business market in which individual companies compete, industry market conditions, interest rates and general economic environments. In addition, events such as the domestic and international political environments, terrorism and natural disasters, may be unforeseeable and contribute to market volatility in ways that may adversely affect the Clients.

## Debt Securities

Cypress may invest in debt securities. Investment in debt securities involves both interest rate and credit risk. Generally, the value of debt instruments rises and falls inversely with fluctuations in interest rates. As interest rates decline, the value of debt securities generally increases. Conversely, rising interest rates tend to cause the value of debt securities to decrease. Bonds with longer maturities generally are more volatile than bonds with shorter maturities. To the extent that interest rates move in a direction contrary to the direction anticipated by Cypress, the overall investment performance of the Client will be affected. The market value of debt securities also varies according to the relative financial condition of the issuer. In general, lower-quality bonds offer higher yields due to the increased risk that the issuer will be unable to meet its obligations on interest or principal payments at the time called for by the debt instrument.

## Master Limited Partnerships

Energy MLPs follow the flow or commercial movement of oil, natural gas, natural gas liquids, refined petroleum, coal and other energy related natural resources from producing wells, through storage and transportation, to end-users. These shares are subject to risks such as market risk, commodity price risk, macroeconomic risks, interest rate sensitivity risk, liquidity risk, and company operating risks.

## Preferred Equities

Advisory Clients may hold preferred shares which would be ranked behind all known or unknown creditors, whether secured or unsecured, and SPVs in share payouts. No person or entity other than the previously disclosed would be paid in the event of a bankruptcy of the company, and payments on its common or preferred shares or other equity interests will be subordinate to payments on its debt. Therefore, losses incurred by the preferred stock will be passed to the Client.

## REITs

While Cypress will not invest directly in real estate, to the extent that it invests in REITs or other real estate securities it may be subject to the risks associated with direct ownership. These risks include the risk that the value of a security will fluctuate because of changes in property values, vacancies of rental properties, overbuilding, changes in local laws, increased property taxes and operating expenses, and other risks associated with real estate. Equity REITs may be affected by changes in property value, while mortgage REITs may be affected by credit quality and the interest rate environment. In addition, there is the risk that certain REITs may fail to qualify for pass-through of income under federal tax law or to maintain their exemption from the registration requirements under federal securities laws.

### Item 9 – Disciplinary Information

If there are legal or disciplinary events that are material to a *client's* or prospective *client's* evaluation of your advisory business or the integrity of your management, disclose all material facts regarding those events.

Cypress does not have any legal or disciplinary events to report.

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

**A. If you or any of your *management persons* are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.**

Neither Cypress nor any of its management persons are registered, or have an application pending to register, as a broker/dealer or a registered representative of a broker-dealer.

**B. If you or any of your *management persons* are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities, disclose this fact.**

Neither Cypress nor any of its management persons are registered, or have an application pending to register as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

**C. Describe any relationship or arrangement that is material to your advisory business or to your *clients* that you or any of your *management persons* have with any *related person* listed below. Identify the *related person* and if the relationship or arrangement creates a material conflict of interest with *clients*, describe the nature of the conflict and how you address it.**

1. broker-dealer, municipal securities dealer, or 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
11. sponsor or syndicator of limited partnerships.

William B. Ebzery is a member of the legal Board of Directors of First Interstate Bank Systems. First Interstate Bank became a publicly traded stock on the NASDAQ (symbol FIBK) in 2010. Mr. Ebzery does not advise clients on FIBK stock or offer any information on such stock. For these reasons, Cypress does not believe this position represents a material conflict of interest with Cypress Capital Management clients.

**D. If you recommend or select other investment advisers for your *clients* and you receive compensation directly or indirectly from those advisers that creates a material conflict of interest, or if you have other business relationships with those advisers that create a material conflict of interest, describe these practices and discuss the material conflicts of interest these practices create and how you address them.**

Not applicable.

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

**A. If you are an SEC-registered adviser, briefly describe your code of ethics adopted pursuant to SEC rule 204A-1 or similar state rules. Explain that you will provide a copy of your code of ethics to any *client* or prospective *client* upon request.**

Cypress strives to service its clients with the highest integrity, confidentiality, and honesty. The Code of Ethics represents the overall structure of compliance for Cypress Capital Management. Cypress has adopted a Code of Ethics in accordance with the SEC's regulation and to maintain open communication with current and potential Clients. Cypress Clients receive a copy of the Code of Ethics when opening an account and on an annual basis thereafter. Cypress employees are given a copy of the Code of Ethics when hired and annually for the remainder of their tenure. Cypress employees comply with all applicable federal securities laws, consider interests of clients first, avoid conflicts of interest, do not take inappropriate advantage of employee positions, adhere to certain restrictions with respect to the receipt and giving of gifts, and safeguard confidential information. Each employee is required to report to Cypress's Chief Compliance Officer or Chief Executive Officer for any known or suspected violations of the Code or law.

Cypress's does not prohibit personal trading by employees in the firm. To avoid conflicts with Client accounts, Cypress uses a block trading system which ensures all trades are placed at the same time and treated equally. Cypress advisors generally place their personal trades together with Client trades for the same securities in the same block trade. This reflects the advisors' conviction in their investment advice. All block trades are made through Morgan Stanley's trading platform which sets the price of the securities included in the trades and reports the settled price immediately after the transaction is made. This process eliminates the possibility of Cypress' employees having an advantage over client transactions. Further, Cypress does not offer advice to Clients with regards to the stock of companies for which its advisors sit on the Board of Directors due to the potential conflict of interest.

All Access persons of the Firm must periodically report their personal securities holdings and transactions. This also includes Access person's relations: A spouse, a minor, any persons living in the household and sharing financial responsibilities, any persons to whom the Access Person provides primary financial support, and either (i) whose financial affairs the Access Person controls, or (ii) for whom the Access Person provides discretionary advisory services. Access persons must submit holdings and transaction reports for all their accounts except for certain exceptions described below. The purpose of these reports is to allow the Firm the ability to monitor for any trading improprieties by the Firm's representatives such as trading activity that may suggest a representative of the Firm may have engaged in trading activity which subordinated a client's best interests to that of the representative.

You may request a complete copy of our Code of Ethics by contacting the Chief Compliance Officer.

**B. If you or a *related person* recommends to *clients*, or buys or sells for *client* accounts, securities in which you or a *related person* has a material financial interest, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.**  
**Examples: (1) You or a *related person*, as principal, buys securities from (or sells securities to) your *clients*; (2) you or a *related person* acts as general partner in a partnership in which you solicit *client* investments; or (3) you or a *related person* acts as an investment adviser to an investment company that you recommend to *clients*.**

As discussed above, all Client accounts and the accounts of the advisors and their families are treated in the same manner using the block trading system, ensuring all accounts are treated equally.

William B. Ebzery sits on the Board of Directors of the William F. and Lorraine W. Welch Foundation, the Dodd & Dorothy Bryan Foundation and the Arnieri Foundation, which are private foundations ("Foundations") that employ Cypress as one of their investment advisors. In all cases William, Ebzery was a

member of the Boards before Cypress was hired. The Foundations vote annually on the retention of the services of Cypress as their investment advisor; in which case Mr. Ebzery abstains from the vote.

Matthew M. Ebzery sits on the Sheridan College Foundation Board; Cypress has previously managed this account prior to Matthew's involvement.

**C. If you or a *related person* invests in the same securities (or related securities, *e.g.*, warrants, options or futures) that you or a *related person* recommends to *clients*, describe your practice and discuss the conflicts of interest this presents and generally how you address the conflicts that arise in connection with personal trading.**

Please see our response to Item 11A

**D. If you or a *related person* recommends securities to *clients*, or buys or sells securities for *client* accounts, at or about the same time that you or a *related person* buys or sells the same securities for your own (or the *related person's* own) account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.**

Please see our response in Item 11A

#### **Item 12 – Brokerage Practices**

**A. Describe the factors that you consider in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).**

**1. Research and Other Soft Dollar Benefits.** If you receive research or other products or services other than execution from a broker-dealer or a third party in connection with *client* securities transactions ("soft dollar benefits"), disclose your practices and discuss the conflicts of interest they create.

**a.** Explain that when you use *client* brokerage commissions (or markups or markdowns) to obtain research or other products or services, you receive a benefit because you do not have to produce or pay for the research, products or services.

**b.** Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving the research or other products or services, rather than on your *clients'* interest in receiving most favorable execution.

**c.** If you may cause *clients* to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up), disclose this fact.

**d.** Disclose whether you use soft dollar benefits to service all of your *clients'* accounts or only those that paid for the benefits. Disclose whether you seek to allocate soft dollar benefits to *client* accounts proportionately to the soft dollar credits the accounts generate.

**e.** Describe the types of products and services you or any of your *related persons* acquired with *client* brokerage commissions (or markups or markdowns) within your last fiscal year.

**f.** Explain the procedures you used during your last fiscal year to direct client transactions to a particular broker-dealer in return for soft dollar benefits you received.

Cypress uses two brokerage firms for all Client accounts. Cypress does not retain the authority to determine which of the two brokerage firms to be used by the Client or the commission rates paid to the broker-dealer. Cypress discusses the advantages and disadvantages of each brokerage firm with the client to enable the Client to make the best choice for the Client's needs. Cypress considers all aspects of the brokerages used when discussing them with the Clients including fees charged by the broker-dealer, the trade process they use and how they differ, online access tools, customer service, and the varying pros and cons of each brokerage.

We receive discretionary authority from all Clients for trade transactions performed within the Clients' account. Trades are logged with the executed prices after the transaction has settled. All trades are reviewed

the day after by a minimum of one member of Cypress. Any trade errors resulting in a loss to the Client due to negligence on behalf of Cypress is resolved with client reimbursement.

### **Research and Other Soft Dollar Benefits**

Cypress does not use soft dollars. Cypress does not receive research or other products or services from any third-party. Research for all of our Client's accounts is performed only by Cypress advisors.

**2. Brokerage for *Client* Referrals. If you consider, in selecting or recommending broker-dealers, whether you or a *related person* receives *client* referrals from a broker-dealer or third party, disclose this practice and discuss the conflicts of interest it creates.**

**a. Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving *client* referrals, rather than on your *clients'* interest in receiving most favorable execution.**

**b. Explain the procedures you used during your last fiscal year to direct *client* transactions to a particular broker-dealer in return for *client* referrals.**

Cypress does not directly or indirectly compensate any person for client referrals.

### **3. Directed Brokerage.**

**a. If you routinely recommend, request or require that a *client* direct you to execute transactions through a specified broker-dealer, describe your practice or policy. Explain that not all advisers require their *clients* to direct brokerage. If you and the broker-dealer are affiliates or have another economic relationship that creates a material conflict of interest, describe the relationship and discuss the conflicts of interest it presents. Explain that by directing brokerage you may be unable to achieve most favorable execution of *client* transactions, and that this practice may cost *clients* more money.**

**b. If you permit a *client* to direct brokerage, describe your practice. If applicable, explain that you may be unable to achieve most favorable execution of *client* transactions. Explain that directing brokerage may cost *clients* more money. For example, in a directed brokerage account, the *client* may pay higher brokerage commissions because you may not be able to aggregate orders to reduce transaction costs, or the *client* may receive less favorable prices.**

As explained above, Cypress currently uses the services of two brokers. Clients are given a choice between these two brokers and cannot direct Cypress to other brokers. Cypress does not receive any kickbacks from these two brokers. Considering retention of Client assets, Cypress does occasional spot checks on the brokerage trade prices to ensure the chosen broker is offering the market value for transactions. A spot check is performed when an advisor compares a trade price at the time of allocation to another public source such as Google Finance to ensure the prices are comparable.

**B. Discuss whether and under what conditions you aggregate the purchase or sale of securities for various *client* accounts. If you do not aggregate orders when you have the opportunity to do so, explain your practice and describe the costs to *clients* of not aggregating.**

Cypress Capital Management uses a block trading system when making trade in multiple accounts at one time. This system ensures the same price for all trades included in the block.

### **Item 13 – Review of Accounts**

**A. Indicate whether you periodically review *client* accounts or financial plans. If you do, describe the frequency and nature of the review, and the titles of the *supervised persons* who conduct the review.**

Cypress will evaluate on a regular basis whether the investments made for Clients are consistent with each Client's investment objectives, restrictions and will monitor for any trading irregularities and/or unusual positions. Most Client accounts will be reviewed weekly by an advisor depending on the type of holdings within the account. Accounts vested in minimal investments or in more secure investments are reviewed periodically; whereas accounts containing multiple levels of securities and more volatile investments would be review on a more frequent basis. Transactions within the account from the prior business day are reviewed on a daily basis to ensure all transactions are accurate. These transactions are reviewed by one or more advisor/s and the Chief Compliance Officer.

**B. If you review *client* accounts on other than a periodic basis, describe the factors that trigger a review.**

Additional to the periodic review, client accounts are reviewed on a quarterly basis to ensure the proper investment techniques being performed and are consistent with the Client's preferences

**C. Describe the content and indicate the frequency of regular reports you provide to *clients* regarding their accounts. State whether these reports are written.**

All Cypress managed accounts are on the Portfolio Center Platform, which enables Cypress employees to export any report necessary for daily business and account management. The platform is updated daily with trade confirmations, deposits, withdrawals, dividends, and interest, resulting in the most current client portfolio holdings. Monthly reports are sent by the custodian directly to the Client. A copy of all the monthly statements of clients is sent to Cypress. Clients have direct access to their monthly, quarterly, and annual statements through an online portal with the custodian. Cypress also distributes quarterly reports to the Clients. Clients are welcome to discuss any questions pertaining to the account or Cypress at any time.

The Cypress-issued reports include the following:

- Portfolio Performance
- Portfolio Statement/ Asset Allocation
- Capital Flows & Valuation
- Income & Expense Reports
- Yield Analysis Reports
- Realized Gains & Losses

The report may also include

- Graphical Portfolio Statements
- Custom Holding Reports

**Item 14 – Client Referrals and other Compensation**

**A. If someone who is not a *client* provides an economic benefit to you for providing investment advice or other advisory services to your *clients*, generally describe the arrangement, explain the conflicts of interest, and describe how you address the conflicts of interest. For purposes of this Item, economic benefits include any sales awards or other prizes.**

Cypress does not have any arrangements, oral or written, with third parties to receive economic benefit for providing advisory services to its Clients and does not compensate anyone directly or indirectly for client referrals.

**B. If you or a *related person* directly or indirectly compensates any *person* who is not your *supervised person* for *client* referrals, describe the arrangement and the compensation.**



Cypress does not directly or indirectly compensate any person for client referrals.

#### **Item 15 – Custody**

**If you have *custody of client* funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to your *clients*, explain that *clients* will receive account statements from the broker-dealer, bank or other qualified custodian and that *clients* should carefully review those statements. If your *clients* also receive account statements from you, your explanation must include a statement urging *clients* to compare the account statements they receive from the qualified custodian with those they receive from you.**

Cypress is deemed, to have custody of Client assets by virtue of its authority to instruct custodians that hold such assets to deduct advisory fees from the Clients' accounts and transmit to Cypress. All fee deductions are initiated by Clients by signing a power of attorney with their chosen custodian respectively. By virtue of having this limited form of custody due to fee deduction, Cypress is not subject to a surprise examination requirement. Cypress does not have actual physical custody of any client assets; rather, all such assets are held in the name of each applicable client by an independent qualified custodian. Such accounts are typically audited annually by internal auditors and every 5 years by the SEC. Investors receive monthly account statements by the custodian and duplicate copies of all statements are sent to Cypress. In addition, Cypress distributes its own quarterly reports to clients and encourages clients to compare the documents with the designated custodian's statements.

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

**If you accept *discretionary authority* to manage securities accounts on behalf of *clients*, disclose this fact and describe any limitations *clients* may (or customarily do) place on this authority. Describe the procedures you follow before you assume this authority (e.g., execution of a power of attorney).**

Cypress provides investment management services on a discretionary basis on behalf of its clients. Cypress tailors its investment strategies to the Client's needs and takes in account the Client's preference for particular securities and industries. Clients grant trading authority to Cypress. Cypress has the authority to determine securities held in Client accounts. In the event a Client disagrees with a particular investment Cypress will rectify the trade to accommodate the Client's preferences, Clients are encouraged to bring potential investments to their advisors' attention and share investment authority in their investment accounts. Trading procedures and techniques are discussed with Clients along with Client preferences, which are referenced in the investment advisory agreement between the Client and Cypress.

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

**A. If you have, or will accept, authority to vote *client* securities, briefly describe your voting policies and procedures, including those adopted pursuant to SEC rule 206(4)-6. Describe whether (and, if so, how) your *clients* can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your *clients* with respect to voting their securities. Describe how *clients* may obtain information from you about how you voted their securities. Explain to *clients* that they may obtain a copy of your proxy voting policies and procedures upon request.**

Cypress does not participate in proxy voting, because it determined that the cost of voting proxies far outweighs the benefit to the Client. Clients thus retain the ability to vote proxies.

**If you do not have authority to vote *client* securities, disclose this fact. Explain whether *clients* will receive their proxies or other solicitations directly from their custodian or a transfer agent or from you, and discuss whether (and, if so, how) *clients* can contact you with questions about a particular solicitation.**



Cypress does not retain authority to vote proxies and this is specifically stipulated in the investment advisory agreement with each Client.

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

- A. If you require or solicit prepayment of more than \$1,200 in fees per *client*, six months or more in advance, include a balance sheet for your most recent fiscal year.**
- 1. The balance sheet must be prepared in accordance with generally accepted accounting principles, audited by an independent public accountant, and accompanied by a note stating the principles used to prepare it, the basis of securities included, and any other explanations required for clarity.**
  - 2. Show parenthetically the market or fair value of securities included at cost.**
  - 3. Qualifications of the independent public accountant and any accompanying independent public accountant’s report must conform to Article 2 of SEC Regulation S-X.**

Not applicable.

- B. If you have *discretionary authority* or *custody* of *client* funds or securities, or you require or solicit prepayment of more than \$1,200 in fees per *client*, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to *clients*.**

Cypress does not require or solicit prepayment of any fees from our clients.

- C. If you have been the subject of a bankruptcy petition at any time during the past ten years, disclose this fact, the date the petition was first brought, and the current status.**

Cypress has never been the subject of a bankruptcy petition.

#### **ITEM 19 - REQUIREMENTS FOR STATE-REGISTERED ADVISORS**

Not applicable, Cypress is a SEC registered investment adviser.