

# Investors Research Corporation

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March 27, 2015

This Brochure provides information about the qualifications and business practices of Investors Research Corporation [“Advisor”]. If you have any questions about the contents of this Brochure, please contact us at (404) 968-9348. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

Additional information about Investors Research Corporation also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Material Changes

This Brochure dated March 23, 2015 is a new document prepared according to requirements and rules. Since the last update on March 1, 2013, Investors Research Corporation has enhanced a number of sections in this Brochure to provide more detail and clarity to clients and prospective clients. The changes made in the Brochure do not, however, reflect any changes in processes and methods utilized by the Advisor.

1. Item 4 – Additional language has been added to reflect that the Advisor manages assets on a discretionary basis, how client portfolios are designed, that the Advisor allows reasonable restrictions and limitations to be imposed by clients, and some additional information concerning how the process of becoming an advisory client begins.
2. Item 8 - The investment analysis process utilized by the Advisor has been moved from Item 12 to Item 8. Risks of investing have also been more defined.
3. Item 10 – The relationship between Investors Research Corporation and IRC Wealth, LLC has been added.
4. Item 12 – The current Brochure reflects that the Advisor places orders for transactions on an individual account basis as opposed to aggregate orders among clients and the impact to the client of doing so.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary. We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting David Ragland at (404) 968-9348 or [david@ircwealth.com](mailto:david@ircwealth.com).

Additional information about Adviser is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with Adviser who are registered as investment adviser representatives of Investors Research Corporation.

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## **Item 4 – Advisory Business**

### About Us

Investors Research Corporation is an investment adviser registered with the Securities & Exchange Commission that provides investment management services to individuals, corporations, and pension plans. Formed in November 1981, the Advisor is owned by David M. Ragland, who serves as President and Chief Compliance Officer. As of December 31, 2014, the Advisor managed \$171,951,731 in assets of clients, all of which is managed on a discretionary basis.

### Investment Management Services

Investors Research Corporation is a value based investment advisor specializing in the investment management needs of clients. This focus helps the Advisor pay strict attention to a client's personal success and build a value-based portfolio that reflects long term needs. The Advisor applies its disciplined approach to money management – which in turn attracts discerning clients, many of whom are unable to find solutions they are seeking in traditional managed accounts.

The process begins with the Advisor having conversations and meetings with a client to ascertain their objectives, needs, risk tolerance, and financial status. Often times, clients of Investors Research Corporation have already sought financial planning and/or coaching services from its affiliate, IRC Wealth, LLC. This prior experience in working with a client through its affiliate further boosts the Advisor's knowledge and understanding of the client.

The Advisor will then seek to tailor the client's portfolio to their needs. Client reserves the right to impose restrictions or guidelines on the management of the client's assets, including any limitations on the purchase or sale of particular securities or types of securities, though the Advisor retains ultimate discretion and decision-making authority on the securities purchased and sold in client's account(s). The Advisor will invest the client's portfolio primarily in stocks. Cash equivalents, such as money market instruments, are utilized when prudent. On rare occasions, corporate bonds or other fixed income securities may be utilized, typically at the request of the client. The Advisor will typically invest in securities on a long-term basis although short-term transactions are utilized as well.

The Advisor manages money on a discretionary basis. Managing money on discretionary basis allows the Advisor to purchase, sell, invest, reinvest, exchange, and trade the assets in the account(s) of the client, subject to any restrictions imposed by the client. This means the Advisor will have the authority to determine what securities and investments are to be bought or sold, the amount of transactions, and the timing of transactions without seeking approval from the client prior to such transactions taking place. The Advisor maintains discretion in the selection of a Broker-Dealer for the custody of client assets and the execution of transactions.

## **Item 5 – Fees and Compensation**

Our Investment Management Fee Schedule is based upon a percentage of assets under management. All clients are billed quarterly in arrears. Quarterly fees are computed by

averaging the value of the Investment Management Account for the beginning and ending of the quarter based upon the Broker-Dealer's statement to the client. The Advisor does not charge investment management fees to Client for any initial and incomplete quarter in which investment management services to Client are commenced. Investment Management Fees are negotiable.

### **Investment Management Fee Schedule**

<b>Portfolio Balance</b>	<b>Annualized Rate</b>	<b>Quarterly Rate</b>
\$0-\$2,000,000	1.0%	.25%
\$2,000,001-\$5,000,000	.75%	.1875%
\$5,000,001 and greater	.50%	.1250%

The Investment Management Fee is deducted by the Broker-Dealer quarterly for the client's account. If a client has more than one account, fees may be deducted from one account for all accounts under management by the Advisor. On an annual basis, the client authorizes the Broker-Dealer to debit their Investment Management Account(s) for investment management fees due Investors Research Corporation.

The Investment Management Fee is exclusive of any and all charges or fees that may be assessed by the Broker-Dealer. Clients are responsible for the payment of all Broker-Dealer fees including commissions, transaction fees, custodial fees, ticket expenses, postage and handling, and other fees assessed by the Broker-Dealer.

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

Investors Research Corporation does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

### **Item 7 – Types of Clients**

Investors Research Corporation provides investment management services to individuals, high net worth individuals, corporations, and pension plans. The Advisor requires a minimum of \$250,000 in assets to be managed by the Advisor in establishing a relationship. This minimum requirement is negotiable and can be waived by the Advisor at its discretion.

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

The investment strategies and policies employed attempt to minimize or prevent erosion by inflation. Since client assets are typically intended for retirement, the investment time horizon is long-term by nature. Because of the long-term focus, short-term volatility is acceptable in an effort to provide for higher, long-term returns. In an effort to provide a higher return, client assets are predominantly allocated between stocks and cash equivalents.

Investors Research Corporation takes a disciplined approach to its investment selection process. It is based partly on technical analysis, partly on fundamentals and partly on our own proprietary research. The Advisor's approach is methodical and consistent to seek the best possible return for a client's capital. The refined application of analytical tools is a distinguishing feature of our company. The Advisor does this for each and every client. The Advisor's process does not vary based on the size of a client's account or the number of years a client has been with Investors Research Corporation. The investment selection process is as follows:

1. **Technical Analysis:** On an approximately weekly basis the Advisor reviews more than 2000 stocks and analyze their price action over the last 1 year and 3 years using tools such as ValueLine. During this phase the Advisor looks for companies whose stock price has been substantially reduced due to some temporary reduction in earnings or earnings expectations. This reduction in earnings can be the result of an economic cycle, a commodity pricing cycle, bad management, change in governmental regulation or uncertainty that otherwise holds back the stock's price.

Next the Advisor looks for a base range in the stock's price action. A base range is a sideways price pattern and often indicates that we are near a bottom-value or if we're at a price with minimal downside pressure. This analysis helps the Advisor detect bottom ranges that last anywhere from 1 month to 5 years. Generally, the Advisor likes stocks that are in the base range for a period of at least 6 months.

In addition to the sideways pattern, the Advisor's technical analysis looks at a stock's trading volume during up and down days; insider buying or selling; and the company's price action in comparison to other companies in the same industry.

2. **Fundamental Analysis:** If a stock clears technical analysis hurdles, the Advisor review the company's fundamentals. As the Advisor's research is broad based, many resources such as annual reports and other SEC filings issued by companies as well as various news periodicals and magazines, such as Barron's, Forbes, Fortune, Money, and the Wall Street Journal. Financial information and financial ratios, including the price-to-earnings ratio, price-to-sale ratio, debt levels, and earnings history, are analyzed as well as its trends in its industry.
3. **Proprietary Research:** Developed over the last three decades, the Advisor applies its own screening criteria to help us weigh risk-versus-rewards when making an investment selection. In this portion of the review, the Advisor is reviewing the interest rate versus dividend rate of a security, investor sentiment about the financial markets, and overall momentum of the financial markets. This is the macro view that allows the Advisor to look at both the individual stock and the overall market conditions in making the final investment selections.

Investing in securities involves risk of loss that a client should be prepared to bear. As risk is present in any form of investing, some of the more common risks that a client may be exposed to are:

- Loss of Capital: The value of an investment may go to zero thus resulting a total loss of capital contributed towards the purchase of a stock or other security.
- Interest-Rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- Market Risk: The price of a stock or bond may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events that lead to a decrease in stock prices.
- Inflation Risk: When any type of inflation is present, a dollar today will buy more than a dollar next year, because purchasing power is eroding at the rate of inflation.
- Currency Risk: Companies domiciled in or operating in foreign jurisdictions are subject to fluctuations in the value of the dollar against the foreign currency. Exchange rate risk may impact the earnings and financial health of a company thus potentially impacting its stock price.
- Dividend Risk: A company may determine it needs to revise its dividend policy to a higher or lower level. This could not only impact the dividend a client earns but also impact the overall the price of a particular stock. For example, a reduction in dividend may result in a decrease in income to the client as well as a decrease in the price of a stock.
- Reinvestment Risk: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate).
- Business Risk: These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of unprofitability than an electric company which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- Financial Risk: Excessive borrowing to finance a business's operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- Long-term Trading: Long term trading allows for a longer time period for prices of securities to fluctuate. This may result a client receiving an execution price at the time of exiting a position that is lower than the price of the security at some point during the holding of such security.
- Short-term trading: Short term trading, particularly frequent trading, can affect investment performance particularly through increased brokerage and other transaction costs and taxes due to differential in tax rates between short-term and long-term holdings.
- Margin Risk: The use of margin transactions results in higher costs and generally holds a greater risk. The increased costs are due to interest owed by a client in borrowing money for effecting and maintaining transactions in securities. The use of margin allows the Advisor the ability purchase an increased number of securities, which due to their

inherent risk, can result in greater fluctuation in the value of a portfolio.

- Short Sales – Short sales are when a client sells a security for which it does not own in anticipation that the price of the underlying security will go down in value so that it can be repurchased to close the outstanding short sale and obtain a profit in the security. The risk is that the underlying security may go up in value and cannot be bought at a price lower than for which it was sold thus resulting in a loss to the client.

## **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 your evaluation of Investors Research Corporation or the integrity of Investor Research Corporation's management. Investors Research Corporation has no information applicable to this Item.

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

Investors Research Corporation utilizes Morgan Stanley for custodial client assets and the execution of client transactions. The Advisor is not an affiliate of or under common control with Morgan Stanley. Morgan Stanley is a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). Thomas Ragland, the broker of record for Advisor's clients' accounts at Morgan Stanley, is the brother of David Ragland. Transaction costs including commissions and other account servicing fees are paid directly to Morgan Stanley. Thomas Ragland receives compensation directly from Morgan Stanley. Item 12 provides additional information concerning this relationship.

The Advisor is affiliated through common ownership with IRC Wealth, LLC as David Ragland owns 100% of both entities. IRC Wealth, LLC provides tax preparation, outsourced Chief Financial Officer engagements, financial planning, speaking engagements, and a blog for public viewing. Financial planning does not include the discussion of securities. Frequently, clients of Investors Research Corporation become a client after having first been a client of IRC Wealth, LLC. There is no requirement that a client of Investors Research Corporation be a client of IRC Wealth, LLC.

Investors Research Corporation is not registered with and does not have an application pending as a Broker-Dealer, futures commission merchant, commodity pool operator, or a commodity trading advisor. No agent(s) of the Advisor serves as a representative to any of these entity types. Further, the Advisor does not utilize nor select other investment advisors or third party managers.

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

Investors Research Corporation has adopted a Code of Ethics for all supervised persons of the Advisor describing its high standard of business conduct, and its fiduciary duty to clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a



prohibition on insider trading, initial public offerings, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Investors Research Corporation must acknowledge the terms of the Code of Ethics initially upon hire, annually, and as amended.

Supervised Persons of the Advisor may trade for their own accounts in securities which are recommended to and/or purchased for clients. This presents a conflict of interest as supervised persons of the Advisor could receive an execution for a transaction for an account in which they have financial interest that is superior to that received by a client. To address this conflict, the Code of Ethics is designed to ensure that the personal securities transactions as well as all activities and interests of the supervised persons of the Advisor will not interfere with: 1) making decisions in the best interest of advisory clients; and 2) implementing such decisions while, at the same time, allowing supervised persons to invest for their own accounts. Supervised persons, in conducting transactions in accounts in which they have beneficial ownership or control, are required to obtain pre-clearance for transactions in initial public offerings and private and limited offerings. Further, supervised persons are only permitted to place transactions at the end of the day after all transactions have been made on behalf of clients. Trading by supervised persons is continually monitored under the Code of Ethics and to reasonably prevent conflicts of interest between Advisor and its clients.

Advisor's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting David M. Ragland at (404) 968-9348.

## **Item 12 – Brokerage Practices**

Investors Research Corporation currently utilizes Morgan Stanley for custodying client assets and the execution of client transactions. The Advisor is not an affiliate of or under common control with Morgan Stanley. Morgan Stanley has been selected as the Broker-Dealer of record for clients due to its execution capabilities, and the ability to handle fee-based accounts. Further, it is a well-known, well-respected brokerage firm providing brokerage services to clients like those of the Advisor.

The Advisor does not receive any research, including soft dollar benefits, or other products or services other than execution and custodian services in connection with client transactions or accounts. The Advisor does not receive client referrals from Morgan Stanley.

The Advisor, in requiring the use of Morgan Stanley as the Broker-Dealer, is unlike some investment advisors who may not recommend or require the use of a particular Broker-Dealer for custodying of client assets and the execution of transactions. There is a risk that the Advisor may be unable to achieve most favorable execution of client transactions. This may result in clients incurring not as favorable of an execution price as well as incurring additional costs in the form of commissions or service fees. Through its internal practices, the Advisor seeks to monitor execution quality and has concluded that Morgan Stanley does a reasonable job in execution quality.

The Advisor, in placing transactions for client accounts, does not aggregate purchase and sale orders for various client accounts. Instead, individual orders are placed for each client account. By not aggregating client transactions, there is the possibility that a client may incur additional commission and transaction charges that would be otherwise the case if the client's order was executed in concert with other client's orders. Also, one client may receive an execution price better or worse than the next client for the same security.

It is Advisor's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated Broker-Dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment advisor in relation to a transaction in which the investment advisor, or any person controlled by or under common control with the investment advisor, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an advisor is dually registered as a Broker-Dealer or has an affiliated Broker-Dealer.

### **Item 13 – Review of Accounts**

Client accounts are reviewed on an ongoing basis, often daily, for potential investment opportunities. No less than semi-annually, the Advisor reviews accounts and meets (either in person or via telephone) with clients concerning their investment portfolio. During this meeting, the Advisor reviews investment results and updates financial strategies in accordance to any changes that might have occurred during the last six months. Prior to or at the time of the meeting, the Advisor provides a written investment recap report summarizing the portfolio's yearly and historical performance. Reviews are undertaken by President David Ragland.

Clients also receive at least quarterly statements from Morgan Stanley that holds and maintains the client's investment assets.

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

Investors Research Corporation does not receive or pay any compensation or economic benefit for client referrals.

### **Item 15 – Custody**

Clients will receive at least quarterly statements from Morgan Stanley, the qualified custodian that holds and maintains client's investment assets. Investors Research Corporation consistently reviews client statements and urges a client to carefully review such statements and compare official custodial records to investment recap reports provided by the Advisor. Our reporting may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

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

Investors Research Corporation manages money on a discretionary basis. Managing money on discretionary basis allows the Advisor to purchase, sell, invest, reinvest, exchange, and trade the assets in the account(s) of the client, subject to any restrictions imposed by the client. This means the Advisor will have the authority to determine what securities and investments are to be bought or sold, the amount of transactions, and the timing of transactions without seeking approval from the client prior to such transactions taking place. The Advisor maintains discretion in the selection of a Broker-Dealer for the custody of client assets and the execution of transactions. Client reserves the right to impose restrictions or guidelines on the management of the client's assets, including any limitations on the purchase or sale of particular securities or types of securities, though ultimate authority and decision-making for the purchase and sale of assets in client's account(s) rests with the Advisor.

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

As a matter of firm policy and practice, Advisor does not have any authority to and does not vote proxies on behalf of a client. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. At its discretion, Advisor may provide advice to clients regarding the clients' voting of proxies.

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

Registered investment advisors are required in this Item to provide you with certain financial information or disclosures about Adviser's financial condition. Advisor has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

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March 27, 2015

**This Brochure Supplement provides information about David M. Ragland that supplements the Investors Research Corporation Brochure. You should have received a copy of that Brochure. Please contact David Ragland if you did not receive Investors Research Corporation's Brochure or if you have any questions about the contents of this supplement.**

**Additional information about David M. Ragland is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

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## **Item 2- Educational Background and Business Experience**

David M. Ragland was born in 1964. Mr. Ragland's undergraduate studies were completed at the University of Georgia, where he received a bachelor of Business Administration with a major in Accounting. He remained at University of Georgia where he earned his Masters in Accounting.

After working as a CPA with Ernst and Young in Washington, DC and Atlanta, GA from 1986 to 1991, Mr. Ragland then entered private practice specializing in financial advice to entrepreneurial businesses and high net worth individuals by creating a company called Ragland Company in which he served as President. Shortly thereafter, he spent three years as Chief Financial Officer of Allied Foods. Upon leaving Allied Foods in 1995, he returned to Ragland Company, which subsequently changed its name to Monterey Capital. David Ragland has served as President of Investors Research Corporation since 1995. Since then, he subsequently created IRC Wealth, LLC, in which he serves as President and Owner.

## **Item 3- Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of David M. Ragland. David M. Ragland has not been subject to any of these events.

## **Item 4- Other Business Activities**

David M. Ragland owns and operates IRC Wealth, LLC, an entity providing tax preparation, outsourced Chief Financial Officer engagements, financial planning, speaking engagements, and a blog for public viewing. No fees are charged for financial planning, speaking engagements or maintaining a blog. Financial planning does not include the discussion of securities. David M. Ragland devotes approximately 50% of his time towards this activity and receives a salary through IRC Wealth, LLC.

## **Item 5- Additional Compensation**

David M. Ragland does not receive any compensation or economic benefit from any individual or entity besides the client for providing investment management services.

## **Item 6 - Supervision**

David M. Ragland serves as the sole investment advisor for Investors Research Corporation.