

Part 2A of Form ADV: Firm Brochure

Item 1 Cover Page



# Phillips Capital Advisors, Inc.

**3401 NW 63<sup>rd</sup> St, Suite 500**  
**Oklahoma City, OK 73116**  
**800-955-9433**  
**IARD# 115758**

---

This brochure provides information about the qualifications and business practices of Phillips Capital Advisors, Inc. It is prepared pursuant to regulatory requirements. If you have any questions about the contents of this brochure, please contact us at the phone number or website listed above. 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 Phillips Capital Advisors, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Our registration as an Investment Advisor does not imply any level of skill or training.

**Dated: March 21, 2017**

## Item 2 Material Changes

This brochure is a new document prepared in response to the 2010 amendments to SEC form ADV. It is materially different from previous Phillips Capital Advisors, Inc. filings and includes certain new information that our previous filings did not require.

In the future, Item 2 will be used to provide clients with a summary of material changes that are made to this brochure since the last annual update.

**Summary of Material Changes:**

Item 4- Updated Assets Under Management

## Item 3 Table of Contents

<b>Part 2A of Form ADV: Firm Brochure</b> .....	<b>1</b>
Item 1     Cover Page.....	1
Item 2     Material Changes.....	2
Item 3     Table of Contents .....	3
Item 4     Advisory Business .....	4
Item 5     Fees and Compensation.....	6
Item 6     Performance-Based Fees and Side-By-Side Management.....	11
Item 7     Types of Clients .....	11
Item 8     Methods of Analysis Investment Strategies and Risk of Loss.....	12
Item 9     Disciplinary Information .....	14
Item 10    Other Financial Industry Activities and Affiliations .....	15
Item 11    Code of Ethics, Participation or Interest in Client Transactions & Personal Trading.	15
Item 12    Brokerage Practices.....	16
Item 13    Review of Accounts .....	18
Item 14    Client Referrals and Other Compensation .....	18
Item 15    Custody.....	19
Item 16    Investment Discretion .....	19
Item 17    Voting Client Securities.....	19
Item 18    Financial Information.....	19
Item 19    Requirements for State Registered Advisers.....	19

### INTRODUCTION

Phillips Capital Advisors, Inc. is a Registered Investment Advisory firm registered with the U.S. Securities and Exchange Commission (SEC) since July 25, 2006. We are noticed filed in Louisiana, New Mexico, Texas and our home state of Oklahoma which means we are registered to do business in these states. We can conduct business in other states by claiming an exemption from registration. Our registration as an Investment Adviser does not imply any level of skill or training. The oral and written communications we provide you, including this Brochure, is information you can use to evaluate us and other advisers, which are factors in your decision to hire us or to continue to maintain a mutually beneficial relationship. This Brochure provides information about our qualifications and business practices.

### OWNERSHIP

Phillips Capital Advisors, Inc. fka Phillips Securities is a privately owned corporation headquartered in Oklahoma City, Oklahoma. Thompson S. Phillips founded Phillips Securities in January of 1990 and the name was changed to Phillips Capital Advisors, Inc in April 2006. Thompson S. Phillips is the sole owner of the business.

### ADVISORY SERVICES OFFERED

We manage accounts on a discretionary basis and non-discretionary basis. We provide investment management services and financial planning services to individuals, banks or thrift institutions, pension and profit sharing plans, trusts, estates and corporations. We also assist you with the selection of money managers appropriate for the management of your portfolio. We can also provide investment advice on interests in partnerships.

Our service constitutes an ongoing process by which:

- a) Your investment objectives, constraints and preferences are identified and specified;
- b) Your strategies are developed and implemented through a combination of financial assets;
- c) Capital market conditions and your circumstances are monitored; and
- d) Portfolio adjustments are made as appropriate to reflect significant changes to any or all of the above relevant variables.

The following is a detailed description of the programs offered by us.

### PORTFOLIO MANAGEMENT SERVICES:

We provide portfolio management services on either a discretionary or non- discretionary basis. Our portfolio management service consists of asset allocation and portfolio management tailored to meet your investment goals. We do not participate in or sponsor any wrap fee programs. Clients can impose restrictions on investing in certain securities or types of securities for their account when they complete their management agreement.

On a discretionary basis, we design, revise and reallocate a custom portfolio for you. The investments are determined based upon your investment objectives, risk tolerance, net worth, net income, age, investment time horizon, tax situation and other various suitability factors.

On a non-discretionary basis, we provide periodic recommendations to you and if such recommendations are approved, we will ensure that the authorized recommendations are carried out.

We will evaluate your financial situation through a review of financial information and in-depth personal interviews that include understanding your investment objectives and risk tolerances. We will advise you regarding portfolio diversification utilizing common or preferred stocks, ETF's, options, mutual funds, warrants, rights, corporate municipal or government bonds, notes or bills, options and futures contracts, partnership interests, and cash or cash equivalents.

Custody of your accounts for both securities and funds will be maintained at Wells Fargo Clearing Services, LLC (Member FINRA/SIPC) the designated custodian and clearing firm for T.S. Phillips Investments, Inc. (Member FINRA/SIPC) or another designated custodian and clearing firm as directed by

you.

#### **FINANCIAL PLANNING SERVICES:**

We provide advice in the form of a comprehensive Financial Plan. If you purchase this service, you will receive a written report, providing a detailed financial plan designed to achieve your stated goals and objectives. We will also provide you the opportunity to be active in the plan preparation by providing information we need. Our Financial Plans will address any or all of the following areas of concern:

- Personal: Family records, budgeting, personal liability, estate information and financial goals.
- Tax & Cash Flow: Income tax and spending analysis and planning for past, current and future years. We will illustrate the impact of various investments on your current income tax and future tax liability.
- Death & Disability: Cash needs at death, income needs of surviving dependents, estate planning and disability income analysis.
- Retirement: Analysis of your current strategies and investment plans to help you achieve your retirement goals.
- Investments: Analysis of investment alternatives and their effect on your portfolio.

The financial plan will include generic recommendations as to general types of investment products or specific securities that are appropriate for the client to purchase given his/ her financial situation and objective. Related documents supplied by you and a completed questionnaire are carefully reviewed and a written report is prepared. Implementation of the prepared plan or recommendations is solely at your discretion and you will also determine how you want to implement the plan or recommendations. We encourage you to utilize any desired professional or group of professionals to assist in the implementation.

#### **THIRD PARTY INVESTMENT ADVISER SELECTION SERVICES:**

In certain circumstances we will recommend that you utilize the services of a Third Party Investment Adviser ("TPA") to manage your portfolio. We would recommend to you a TPA whose investment style is believed to be consistent with your financial needs, investment goals, tolerance for risk and stated investment objectives. Upon selection of a TPA, we will monitor the performance of the TPA to ensure their performance and investment style remains aligned with the investment goals and objectives, The TPA is granted discretionary authority by you to manage and invest your assets.

Clients who are referred to TPA's will receive full disclosure, including services rendered and fee schedules at the time of the referral by delivery of a copy of the relevant TPA's brochure or equivalent disclosure document.

The Manager can impose a minimum dollar amount of initial client assets for the investment advisory services as disclosed in the management agreement. These minimums can be waived at the Manager's discretion. Clients will be provided the appropriate Manager's disclosure statement, in addition to the Manager's ADV Part 2 and privacy policy, prior to placing the assets with the Manager.

#### **TIMING SERVICE.FUND MANAGEMENT PROGRAM:**

Our timing service consists of using the moving average of a stock index to determine buy or sell decisions of that investment.

#### **ADVISORY PROGRAMS WITH WELLS FARGO:**

The Advisory programs are sponsored by Wells Fargo Clearing Services, LLC. The program utilizes either custom or model allocations. The program consists of:

- Separate Account Program,
- Multi-Manager Account,
- Mutual Fund Advisory,
- Advisor Directed,
- Client Directed,
- ETF Advisory

**ASSETS UNDER MANAGEMENT:**

As of December 31, 2016, Phillips Capital Advisors, Inc. has approximately \$55,220,556 in discretionary assets under management and \$380,530,039 in non-discretionary assets under management for a total of \$435,750,595 in total assets.

**Item 5 Fees and Compensation****PORTFOLIO MANAGEMENT PROGRAM FEE SCHEDULE:**

<u>Assets Under Management</u>	<u>Annualized Fee</u>
\$ 100,000 - \$ 499,999	3.00%
\$ 500,000 - \$4,999,999	2.50%
\$ 5,000,000 - \$9,999,999	2.00%
\$10,000,000 +	Negotiable

Our account minimums and fees charged are negotiable in situations where your portfolio size begins outside our published fee brackets or in other situations deemed appropriate by us in our sole discretion. The above listed fee can be in excess of the industry norm and similar advisory services can be obtained for less.

Portfolio Management fees will be billed in one of two ways.

- (1) Fees will be directly deducted from your account at the custodian quarterly in advance from your accounts within thirty (30) days following the end of the quarter. We will send the qualified custodian written notice of the amount of the fee to be deducted from your account.

We and/or the custodian shall provide written notice/invoice documentation reasonably supporting the determination of the investment advisor fees. The Custodian will send to you a quarterly Account statement that shows the amount of our advisory fee, the value of your assets upon which the fee was based, and the specific manner in which the fee was calculated. We will verify that the Custodian sends Account statements on a quarterly basis.

You should compare invoices for advisory fees to the corresponding custodian statement. Statements should be received from the custodian no less than quarterly. If statements are not received, contact us immediately.

- (2) Fees will be directly invoiced on a quarterly in advance within (30) days following the end of the quarter.

The level of the all-inclusive fee is unaffected by the number of transactions effected for the account.

Our fees are based on the percentages listed in the Fee Schedule on account market values based on the first business day of each calendar quarter. Fees are calculated by multiplying the assets under management market value by the relevant percent and dividing such product by four (4). Fees for the initial quarter will be adjusted pro-rata based upon the number of calendar days in the calendar quarter that the Agreement goes into effect.

**Termination**

You have the right to terminate the Investment Advisory Agreement without penalty within five (5) business days from the date of execution of the Investment Advisory Agreement. You must deliver written notice requesting termination of the Investment Advisory Agreement to us. Any prepaid fees will be

refunded. Thereafter, either party can terminate the Investment Advisory Agreement upon written notice to the other party. You will be entitled to a pro rata refund of any prepaid quarterly fee based upon the number of days remaining in the quarter after termination.

#### **FINANCIAL PLANNING SERVICES FEE SCHEDULE:**

Fees for the preparation of a financial plan are based upon a charge of \$150 per hour with a minimum fee of \$250. After the initial consultation, the planning fee will be quoted to you for services to be provided based upon an estimate of the time anticipated to perform the services. The fee is due and payable at the time the written plan is delivered to you.

#### **Termination:**

You can terminate the Financial Planning Agreement without penalty within five days of execution. After the five day time period, you can terminate the agreement at any time and a bill for fees earned up to the date of termination, if any, will be due and payable by you. The Financial Planning Agreement terminates upon delivery of the written financial plan. You are not obligated to use our firm to implement recommended securities transactions.

#### **THIRD PARTY INVESTMENT ADVISER SELECTION SERVICE FEE SCHEDULE:**

As a participant in the Third Party Investment Advisor Selection Services Program, you will pay the annualized fees described below:

<u>Assets Under Management</u>	<u>Annualized Fee</u>
\$ 100,000 - \$ 499,999	3.00%
\$ 500,000 - \$4,999,999	2.50%
\$ 5,000,000 - \$9,999,999	2.00%
\$10,000,000 +	Negotiable

Account minimums and fees charged are negotiable based upon a number of factors including, but not limited to, the type of account, the size of the account, and the historical or projected nature of trading for the account.

A minimum of \$100,000 of assets under management is required for these services. This requirement can be waived at our discretion; however, we shall be entitled to the fee due on an account of the applicable minimum size. If a withdrawal from the account results in the portfolio falling under the minimum required amount, we shall be entitled to the fee due on an account of the applicable minimum size. We reserve the right to terminate an account at our discretion if a portfolio falls below the required amount for any reason.

If additional cash, securities or other investments are accepted for management in the account during a fee period, exceeding \$20,000, the applicable fee will be prorated accordingly based on the number of days remaining in the fee period. Similar adjustment or refund will be made during any fee period with respect to partial withdrawals by the client. In special instances based on negotiations with clients fees will be assessed based on the market value of assets under management for the quarter end that precedes the start of the billing quarter, unless otherwise agreed to. No adjustments will be made to the fee for appreciation or depreciation in the value of securities held in the account during any fee period for which such fee is charged.

You will pay us and, if applicable, your third party investment advisor in advance on a quarterly basis. The fee will be based on the value of the account assets under management as of the close of business on the last business day of the preceding quarter. The Account Fee is paid to and retained by us.

The initial fee payment under the above fee schedule will be due in full on the date the account is accepted by us and will be based on the account asset value on that date. The period which such payment covers will run from the opening date through the last business day of that calendar quarter and the fee will be prorated accordingly. Multiple accounts for the same client can be combined for purposes of calculating the total fee.

Our account minimums and fees charged are negotiable in situations where your portfolio size begins outside our published fee brackets or in other situations deemed appropriate by us in our sole discretion. The above listed fee may be in excess of the industry norm and that similar advisory services can be obtained for less.

Portfolio Management fees will be billed in one of two ways:

- (1) Fees will be directly deducted from your account at the custodian quarterly in advance from your accounts within thirty (30) days following the end of the quarter. We will send the qualified custodian written notice of the amount of the fee to be deducted from your account.

We and/or the custodian shall provide written notice/invoice documentation reasonably supporting the determination of the investment advisor fees. The Custodian will send to you a quarterly Account statement that shows the amount of our advisory fee, the value of your assets upon which the fee was based, and the specific manner in which the fee was calculated. We will verify that the Custodian sends Account statements on a quarterly basis.

You should compare invoices for advisory fees to the corresponding custodian statement. Statements should be received from the custodian no less than quarterly. If statements are not received, contact us immediately.

- (2) Fees will be directly invoiced on a quarterly in advance within (30) days following the end of the quarter.

The level of the all-inclusive fee is unaffected by the number of transactions effected for the account.

Our fees are based on the percentages listed in the Fee Schedule on account market values based on the first business day of each calendar quarter. Fees are calculated by multiplying the assets under management market value by the relevant percent and dividing such product by four (4). Fees for the initial quarter will be adjusted pro-rata based upon the number of calendar days in the calendar quarter that the Agreement goes into effect.

#### **Additional Types of Fees or Expenses:**

In addition to account fees, you can also incur certain charges imposed by third-parties which includes, but is not limited to, the following: mutual fund or money market 12b-1 and sub transfer fees, fund or money market management fees and administrative expenses, mutual fund transaction fees, certain deferred sales charges on previously purchased mutual funds transferred into the account, IRA and qualified retirement plan fees, and other charges required by law. The fee schedule specified herein can be modified or changed by us upon notice to you. Additional fees are incurred while your funds are in a money market fund or other no-load mutual fund. These fees are charged and collected by the mutual funds and are not refundable to you.

#### **Termination**

You have the right to terminate the Investment Advisory Agreement without penalty within five (5) business days from the date of execution of the Investment Advisory Agreement. You must deliver written notice requesting termination of the Investment Advisory Agreement to us. Any prepaid fees will be refunded. Thereafter, either party can terminate the Investment Advisory Agreement upon written notice to the other party. You will be entitled to a pro rata refund of any prepaid quarterly fee based upon the number of days remaining in the quarter after termination.



**ADVISORY PROGRAMS FEE SCHEDULE:**

The fee schedule for the advisory programs are as follows:

**Exhibit A. Asset Advisor**

<u>Assets under Management</u>	<u>Annualized Fee</u>
First \$250,000	3.00%
Next \$750,000	2.50%
Over \$1,000,000	2.00%

Annual Trade Threshold: 120/year

Minimum Account Size \$50,000

**Exhibit B. CustomChoice and FundSource**

<u>Assets under Management</u>	<u>Annualized Fee</u>
First \$250,000	1.75%
Next \$750,000	1.50%
Over \$1,000,000	1.15%

Minimum Account Size \$25,000

**Exhibit C. PIM (Private Investment Management)**

<u>Assets under Management</u>	<u>Annualized Fee</u>
First \$250,000	3.00%
Next \$750,000	2.50%
Over \$1,000,000	2.00%

Annual Trade Threshold: 120/year

Minimum Account Size \$50,000

**Exhibit D. Allocation Advisors**

<u>Assets under Management</u>	<u>Annualized Fee*</u>
First \$250,000	2.00%
Next \$750,000	1.50%
Over \$1,000,000	1.00%

Minimum Account Size: Strategic ETF/Ibbotson/ Laffer \$25,000 CAAP Plus/Compass ETF \$50,000

\*Standard fee excludes the underlying manager fees

**Exhibit E. DMA**

<u>Assets under Management</u>	<u>Annualized Fee*</u>
First \$250,000	2.70%
Next \$750,000	2.50%
Over \$1,000,000	2.00%

Minimum Account Size: Customized \$150,000 Optimal Blends \$250,000

\*Standard fee excludes the underlying manager fees

**Exhibit F. Wells Fargo Compass**

<u>Assets under Management</u>	<u>Annualized Fee*</u>	
	Individual and Asset Allocation	Fixed Income
First \$250,000	2.50%	1.50%
Next \$750,000	2.00%	1.25%
Over \$1,000,000	1.50%	1.00%

Minimum Account Size: \$50,000 - \$250,000 depending upon style  
\*Standard fee excludes the underlying manager fees

#### Exhibit G. Masters

<u>Assets under Management</u>	<u>Annualized Fee*</u>	
	Individual and Asset Allocation	Fixed Income
First \$250,000	2.75%	1.50%
Next \$750,000	2.50%	1.25%
Over \$1,000,000	2.00%	1.00%
Above \$2,000,000	negotiable	

Minimum Account Size: \$100,000 A few managers have imposed higher minimums  
\*Standard fee excludes the underlying manager fees

#### Exhibit H. Private Advisor Network

All fees are negotiated with the manager  
Minimum Account Size: \$100,000 and subject to manager minimums

#### Exhibit I. Customized Portfolios/Fixed Income Strategies

Manager fees, fund level fees and expenses vary by manager and fund  
Minimum Account Size: \$2,000,000

Our account fees are negotiable in situations deemed appropriate by us in our sole discretion. The above listed fee may be in excess of the industry norm and that similar advisory services can be obtained for less.

Portfolio Management fees will be billed in one of two ways:

1. Fees will be directly deducted from your account by the custodian quarterly in advance from your account within thirty (30) days following the end of the quarter.

We and/or the custodian shall provide written notice/invoice documentation reasonably supporting the determination of the investment advisor fees. The Custodian will send to you a quarterly Account statement that shows the amount of our advisory fee, the value of your assets upon which the fee was based, and the specific manner in which the fee was calculated. We will verify that the Custodian sends Account statements on a quarterly basis.

You should compare invoices for advisory fees to the corresponding custodian statement. Statements should be received from the custodian no less than quarterly. If statements are not received, contact us immediately.

2. Fees will be directly invoiced on a quarterly in advance within (30) days following the end of the quarter.

#### **Additional Types of Fees or Expenses:**

Portfolio Management fees do not include cost of custodial services for individual retirement accounts for qualified retirement plans. Transaction costs are not commissions. They are clearing costs charged by the designated clearing firm on the account. We can elect at our option to bear the cost of transactions under certain circumstances. Additional fees can be incurred while the funds are in a money market fund or other no-load fund. These fees are charged and collected by the mutual funds and are not refundable to Client.

**ERISA and the Pension Protection Act of 2006 (PPA)**

We may also have IRA accounts or other retirement accounts which are subject to the Pension Protection Act of 2006 (PPA). In all cases an “eligible investment advice arrangement” or advisory agreement will be executed with the Client. We will be considered a “fiduciary advisor” and will charge fees to the retirement account based on a Level Fees basis which means the fees will not vary depending on the basis of the investment option selected.

**Other Compensation Received by our firm or its advisory agents:**

Custody of your accounts for both securities and funds will be maintained at Wells Fargo Clearing Services, LLC (Member FINRA/SIPC) the designated custodian and clearing firm for T.S. Phillips Investments, Inc. (Member FINRA/SIPC). Some of our Advisory Agents are registered representatives of T.S. Phillips Investments, Inc. In this capacity, our advisory agents sell securities through T.S. Phillips Investments, Inc. and receive normal and customary commissions as a result of such purchases and sales. This presents a conflict of interest to the extent that the advisory agent recommends that you invest in a security which results in a commission being paid to the advisory agent. Neither our Firm nor its advisory agents are affiliates of Wells Fargo Clearing Services, LLC.

Advisory agents of the Firm are also licensed insurance agents for various other insurance companies. If you elect to implement the plan or buy insurance through us or our Advisory agents, then the agents would receive a commission from the insurance sales, which includes life, accident, disability and fixed annuities. This presents a conflict of interest because they will receive a commission for these services, which is separate from the portfolio management, financial planning and other services provided. We have no single agreement with any agency or company, but will seek out the products of any company, agency or brokerage that have products fitting our client's needs.

We and/or our advisory agents can supply litigation support services for a fee. These services will not affect our advisory clients.

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

We do not charge performance based fees nor do we provide side by side management services.

**Item 7 Types of Clients****Client Base:**

Our customer base consists of individuals; banks or thrift institutions pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities. These are the types of clients that we service, but we may not have all these types as current clients.

**Conditions for Account Management:**

We have imposed a minimum account size of \$25,000 in assets to be managed by us. We will aggregate related accounts in the same household to meet account minimums. We can make an exception to this minimum from time to time based on individual factors such as length of time the account has been known, overall composition of the account, multiple accounts held with us, etc.

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

### Methods of Analysis & Investment Strategies:

We work with you to devise an investment strategy to meet your financial objectives. This includes:

- discussion regarding your objectives
- review of existing holdings
- ongoing analysis of funds
- advice on best direction for new investments
- updates of specific changes within the market or to particular funds
- periodic monitoring of recommended investments and yearly review

The flexibility of our strategies gives us the ability to best manage investment risks in any investment market.

We use Fundamental, and Technical security analysis methods.

Charting Analysis is a way of gathering and processing price and volume information of a particular security by applying mathematical equations and then plotting the resulting data onto graphs in order to predict future price movements.

Fundamental Analysis involves using real data to evaluate a security's value. We perform fundamental analysis on a securities value by looking at economic factors, such as interest rates and the overall state of the economy, information about issuers, potential changes in credit ratings, revenues, earnings, future growth, return on equity, profit margins and other data to determine underlying value and potential for future growth.

Technical Analysis involves studying supply and demand in the market to determine what direction, or trend will continue in the future by understanding the emotions in the market as opposed to its components. Understanding the benefits and limitations of technical analysis can give a new set of tools or skills that will enable us to be a better trader or investor.

Our security analysis information is based on a number of sources including financial newspapers, periodicals, commercially available investment services, issuer prepared information, security rating services, general market and financial information, due diligence reviews and specific investment analysis that our clients request.

### Risk of Loss:

The advice offered by our Firm to clients is determined by the areas of expertise of the agent providing the service and the client's stated objective. Our clients are advised to notify our Firm promptly if there are ever any changes in your financial situation or investment objective or if you wish to impose any reasonable restrictions upon our management services. If you wish to impose any reasonable restrictions upon our management services, you will need to advise us in writing of any restrictions.

We do not represent, warrant, or imply that the services or methods of analysis employed by us can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. All securities trading, whether in stocks, options, or other investment vehicles, is speculative in nature and involves substantial risk of loss that clients should be prepared to bear. Past performance is not necessarily indicative of future results. Clients should make every effort to understand the risks involved.

**The Principle Risks of Investing include, but are not limited to:**

**General Risks:** Your investments with us are not a deposit of a bank and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Accordingly, you can lose money by investing with us. When you sell your investments, they can be worth less than what you paid

for them because the value of investments will fluctuate reflecting day-to-day changes in market conditions, interest rates and a number of other factors.

**Allocation Risk:** Our allocation of investments among different asset classes, such as equity or fixed-income assets classes, can have a more significant effect on your returns when one of these classes is performing more poorly than others.

**Market Risk:** Stock and bond markets often trade in random price patterns, and prices can fall over sustained periods of time. The value of the investments we make for you will fluctuate as the financial markets fluctuate. This could result in your account value(s) declining over short or long term periods of time.

**Focused and Concentrated Portfolio Risks:** We will often invest your assets in a smaller number of securities than other broadly diversified investment strategies. Our approach is often referred to as “focused, concentrated, or non-diversified”. Accordingly, the money we manage for you can have more volatility and is often considered to have more risk than a strategy that invests in a greater number of securities because changes in the value of a single security can have a more significant effect, either negative or positive, on your overall portfolio value. To the extent we invest your assets in fewer securities, or we investment in non-diversified funds that take a focused or concentrated approach, your assets are subject to greater risk of loss if any of those securities become permanently impaired.

**Equity Risk:** Your investments will be subjected to the risk that stock prices can fall over short or extended periods of time. Historically, the equity markets have moved in cycles, and the value of equity securities in your portfolio can fluctuate drastically from day to day. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments. The prices of securities issued by such companies can suffer a decline in response. These factors will contribute to the volatility and risk of your assets.

**Special Situation Risk:** We can invest your assets in special situations. Investments in special situations can involve greater risks when compared to other strategies due to a variety of factors.

Expected changes may not occur, or transactions can take longer than originally anticipated, resulting in lower returns than contemplated at the time of investment. Additionally, failure to anticipate changes in the circumstances affecting these types of investments can result in permanent loss of capital, where we may be unable to recoup some or all of its investment.

**Foreign Securities Risk:** We have the ability to invest in foreign securities, and, from time to time, a significant percentage of your assets can be composed of foreign investments. Foreign investments involve greater risk in comparison to domestic investments because foreign companies/securities: can have different auditing, accounting, and financial reporting standards; may not be subject to the same degree of regulation as U.S. companies, and can have less publicly available information than U.S. companies; and are often denominated in a currency other than the U.S. dollar.

**Currency Risk:** Your investments can be subject to currency risk. Currency fluctuations and changes in the exchange rates between foreign currencies and the U.S. dollar could negatively affect the value of your investments in foreign securities.

**Interest Rate Risk:** Your investments are subject to interest rate risk. Interest rate risk is the risk that the value of a security will decline because of a change in general interest rates. Investments subject to interest rate risk will usually decrease in value when interest rates rise. For example, fixed-income securities with long maturities typically experience a more pronounced change in value when interest rates change.

**Credit Risk:** Your investments are subject to credit risk. An investments credit quality depends on its ability to pay interest on and repay its debt and other obligations.

**Small- to Medium-Capitalization Risk:** We can invest your assets in small to medium sized companies. Shares of small to medium sized companies can have more volatile share prices. Furthermore, the securities of small to medium companies often have less market liquidity and their share prices can react with more volatility to changes in the general marketplace.

**Junk Bond/High-Yield Security Risk:** We can invest your assets in Junk Bonds or High-Yield, lower rated securities. Investments in fixed-income securities that are rated below Investment grade can be subject to greater risk of loss of principal and interest than investments in higher-rated fixed-income securities. The market for high yield securities can be less liquid than the market for higher-rated securities. High yield securities are also generally considered to be subject to greater market risk than higher-rated securities. The capacity of issuers of high yield securities to pay interest and repay principal is more likely to weaken than is that of issuers of higher-rated securities in times of deteriorating economic conditions or rising interest rates.

**Prepayment Risk:** Your investments can be subject to prepayment risk. Prepayment risk occurs when the issuer of a security can repay principal prior to the security's maturity. Securities subject to prepayment can offer less potential for gains during a declining interest rate environment and similar or greater potential for loss in a rising interest rate environment. In addition, the potential impact of prepayment features on the price of a security can be difficult to predict and result in greater volatility.

**Inflation Risk:** This is the risk that the value of your assets or income you're your investments will be less in the future as inflation decreases the value of your money. As inflation increases, the value (purchasing power) of your assets can decline. This risk increases as we invest a greater portion of your assets in fixed-income securities with longer maturities.

**Liquidity Risk:** Liquidity risk exists when particular investments are difficult to purchase or sell, possibly preventing us from selling out of these illiquid securities at an advantageous price.

## Item 9 Disciplinary Information

Terry R. Holcomb, an advisory agent of our firm, while employed at Robert James Securities in 1994, was censured and fined \$5,000 by the NASD. Terry R. Holcomb signed the names of his clients to the new account form after the client had already signed the mutual fund application, prospectus receipts and endorsed their checks after discussing the Putnam US Government Mutual Fund and other alternative investments because he did not have a new account form completed at that time. Fine was paid in full to the NASD.

The Oklahoma Department of Securities conducted a for cause examination of certain activities of one of T.S. Phillips Investment Inc.'s, our affiliated broker-dealer, agents in connection with the offer and/or sale of auction rate securities sold to two of the firm's customers. The matter has been concluded and T.S. Phillips Investment Inc. and Thompson S. Phillips, Jr. reimbursed the cost of the investigation in the aggregate amount of \$10,000.00. There were no findings of wrong doing on the part of T.S. Phillips Investment Inc. or Thompson S. Phillips, Jr.

The Oklahoma Department of Securities Enforcement Division conducted an examination of certain activities of Wanda J. Ross, a registered representative with T.S. Phillips Investments, Inc., our affiliated broker-dealer, in connection with the offer and /or sale of auction rate securities to two of Ms. Ross' customers. The allegations that she failed to adequately disclose the current state of the auction rate securities market and to act in the best interest of two of her customers in connection with the offer and sale of auction rate securities. The matter has been concluded and The Oklahoma Department of Securities Enforcement Division suspended Ms. Ross for 10 days. Client was pleased with tax-exempt rate and sustained the position. One year later, custodian quit pricing ARS on monthly statement. Client feared they lost their money. Issuer called bonds-no monies lost by client and no money was made by Ms. Ross. No other action was taken.

Your confidence and trust placed in our Firm and its advisory agents is something we value and endeavor to protect.

## Item 10 Other Financial Industry Activities and Affiliations

### **Relationship with T.S. Phillips Investments , Inc., an affiliated broker-dealer:**

Custody of your accounts for both securities and funds will be maintained at Wells Fargo Clearing Services, LLC (Member FINRA/SIPC) also the designated custodian and clearing firm for T.S. Phillips Investments, Inc. (Member FINRA/SIPC), an affiliated broker-dealer. Some of our advisory agents are registered representatives of T.S. Phillips Investments, Inc. In this capacity, our advisory agents sell securities through T.S. Phillips Investments, Inc. and receive normal and customary commissions as a result of such purchases and sales. This presents a conflict of interest to the extent that the advisory agent recommends that you invest in a security which results in a commission being paid to the advisory agent. Neither our Firm nor its advisory agents are affiliates of Wells Fargo Clearing Services, LLC .

### **Relationship with Phillips Securities Insurance Agency, an affiliated insurance company:**

Phillips Securities Insurance Agency, Inc. is an affiliated insurance agency offering life, health, annuities and other insurance related products. Advisory agents of Phillips Capital Advisors, Inc. are also licensed insurance agents for various companies. As such, they can offer insurance products and receive normal and customary commissions as a result of such a purchase. This presents a conflict of interest to the extent that the associate recommends the purchase of an insurance product, which results in a commission being paid to the associate as an insurance agent. We have no single agreement with any agency or company, but will seek out the products of any company, agency or brokerage that has products fitting our client's needs. You are under no obligation to purchase insurance products through our company.

### **Third Party Advisers Relationships:**

We may develop third party advisory arrangements with other unaffiliated RIA's at our discretion.

We act as a solicitor for other unaffiliated RIA's where we are compensated a solicitor's fee by that RIA. You will receive a Solicitor's Disclosure Statement, pursuant to SEC Rule 206(4)-3. The Solicitor's Disclosure Statement provides, among other things, disclosure regarding the affiliation, if any, between our Firm and the third-party adviser: the terms of the solicitation agreement between our Firm and the third-party adviser, including the amount of compensation to be paid to our Firm for the solicitation; and the additional cost to you if any, as a result of the solicitation agreement.

### **Other Financial Industry Relationships:**

We have an arrangement with BancFirst, Oklahoma City, OK through a networking agreement. Investment Advisory Agents of Phillips Capital Advisors, Inc. are located in bank investment centers and receive a portion of the advisory fees. FDIC insurance does not apply to any transaction executed through Phillips Capital Advisors, Inc. Investment Advisor Representative of Phillips Capital Advisors are also be attorneys who provide legal advice directly or indirectly through themselves or their respective law firm, and solicit such clients to provide investment consulting to.

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

### **Code of Ethics:**

We have adopted a Code of Ethics Policy to prohibit conflicts of interest from personal trading by our advisory personnel and have established standards of conduct expected of our advisory personnel. We have set forth in the Code of Ethics Policy statements of general principles, required course of conduct, reporting obligations, and review and enforcement of the Code of Ethics Policy. We will provide a copy of the Code of Ethics Policy to our clients or prospective client's upon written request.

**Participation or Interest in Client Transactions / Personal Trading:**

Our advisory agents are also registered securities representatives of T.S. Phillips Investments, Inc. (Member FINRA/SIPC), an affiliated registered broker-dealer. The advisory agents will receive compensation from T.S. Phillips Investments, Inc. in connection with security transactions effected for the accounts the advisory agents manage for our firm. Therefore, there is a financial incentive to use T.S. Phillips Investments, Inc. to effect security transactions for the client accounts.

Our Advisory Agents will buy or sell for themselves securities that they also recommend to you. These investment products will be bought and sold on the same basis as you buy them. We will transact your transactions and business before their own when similar securities are being bought or sold. In all instances, the positions would be so small as to have no impact on the pricing or performance of the security. We will do everything possible to mitigate these conflicts. Records of all advisory associate's proprietary trading activities are reviewed and kept by us. We and our advisory agents will act in a fiduciary manner, understand the prohibitions against the use of any insider information and will always act in your best interest.

**Item 12 Brokerage Practices****Brokerage Selection:**

We generally select the brokers or dealers to handle securities transactions. We utilize T.S. Phillips Investments, Inc. (Member FINRA/SIPC), as the broker-dealer for the execution of securities transactions. Custody of your accounts for both securities and funds will be maintained at Wells Fargo Clearing Services, LLC (Member FINRA/SIPC) the designated custodian and clearing firm for T.S. Phillips Investments, Inc.

Factors which we consider when recommending T.S. Phillips Investments, Inc. include its respective financial strength, reputation, execution, pricing, research and service. We understand and acknowledge that at all times we owe a fiduciary duty to you to obtain best execution for your transactions. We believe that our relationship with T.S. Phillips Investments, Inc. helps us to execute securities transactions for you in such a manner that your total cost in each transaction is as favorable as possible under prevailing market conditions. However, accounts with T.S. Phillips Investments, Inc., as a full service broker/dealer, may not obtain best execution at all times. The commissions and/or transactional fees charged by T.S. Phillips Investments, Inc. to you can be higher or lower than those charged by another broker-dealer.

In addition to a broker's ability to provide the "best execution," we also consider the value of "research" or additional brokerage products and services a broker-dealer has provided or willing to provide. This is known as paying for those services or products with "soft dollars." Because many of the services or products could be considered to provide a benefit to us and, because the "soft dollars" used to acquire them are client assets, we could be considered to have a conflict of interest in allocating your brokerage business: we could receive valuable benefits by selecting a particular broker or dealer to execute your transactions and the transaction compensation charged by that broker or dealer might not be the lowest compensation we might otherwise be able to negotiate. In addition, we theoretically could have an incentive to cause you to engage in more securities transactions than would otherwise be optimal in order to generate brokerage compensation with which to acquire products and services.

It is our policy to select brokers on the basis of the best combination of cost and execution capability. Subject to its best execution obligations, we intend to use the broker-dealer to effect all or substantially all client securities transactions.

**Soft Dollar Practices:**

Our firm's use of soft dollars is intended to comply with the requirements of Section 28(e) of the Securities Exchange Act of 1934. Section 28(e) provides a "safe harbor" for investment managers who use commissions or transaction fees paid by their advised accounts to obtain investment research services that provide lawful and appropriate assistance to the manager in performing investment decision-making responsibilities. As required by Section 28(e), we will make a good faith determination that the amount of



commission or other fees you pay is reasonable in relation to the value of the brokerage and research services provided. That is, before placing orders with a particular broker, we generally determine, considering all the factors described below, that the compensation to be paid to Fidelity Investments or Schwab is reasonable in relation to the value of all the brokerage and research products and services provided by Fidelity Investments and Schwab. In making this determination, we typically consider not only the particular transaction or transactions, and not only the value of brokerage and research services and products to you, but also the value of those services and products in our performance of our overall responsibilities to all of our clients. In some cases, the commissions or other transaction fees charged by a particular broker-dealer for a particular transaction or set of transactions can be greater than the amounts another broker-dealer who did not provide research services or products might charge. In some cases, with your consent, we consider a broker-dealer's provision of non-research products and/or services (i.e., products or services that we do not use in making investment decisions or executing transactions for clients). In such cases, however, the products or services involved are used solely for your benefit in whose account the commissions or other fees are incurred.

We do utilize brokers providing research and brokerage services to us even though lower commissions can be obtained from brokers not offering such services. We utilize soft dollar arrangements to acquire brokerage and research services that provide lawful and appropriate assistance to us in carrying out our investment decision-making responsibilities. Under these arrangements, we obtain brokerage and research services from a broker in exchange for a specified amount of commissions. We intend for these arrangements to comply with Section 28(e) of the Securities Exchange Act of 1934.

The brokerage services that we can obtain through its soft dollar arrangements include those services related to trade execution and can include post-trade services, such as electronic allocation messages and electronic confirmation and affirmation. The research services that we obtain through its soft dollar arrangements include advice relating to the value of securities or the advisability of investing in securities or analyses and reports about issuers, securities, economic factors and trends, portfolio strategy and the performance of accounts. We periodically review the brokerage and research products we obtain from brokers and the commissions charged with respect to such products to determine whether the commissions are reasonable in relation to the value of the brokerage and research products.

The benefits derived from a particular broker in return for commission business is used in serving some or all of our clients. In addition, some research or other benefits are not necessarily used by us in servicing the clients whose commission dollars provided for the benefit or research.

**Brokerage for Client Referrals:**

Neither our Firm nor our Advisory Agents receive client referrals from a broker dealer or other third party when recommending to you a broker-dealer for the execution of securities transactions.

**Directed Brokerage:**

If you want to direct us to use a particular broker dealer to handle security transactions then you are responsible for the custodian fee arrangement. You should understand that this might prevent us from effectively negotiating brokerage compensation or obtaining the most favorable net price and execution. When directing brokerage business, you should consider whether the commission expenses, execution, clearance and settlement capabilities that you will obtain through another broker dealer are adequately favorable in comparison to those that our Firm would otherwise obtain for you using T.S. Phillips Investments, Inc. We do evaluate periodically the execution performance of the brokers-dealers including T.S. Phillips Investments, Inc. We encourage you to discuss available alternatives with our advisory agents.

Neither this Firm nor our advisory agents receive any products, research or services other than those disclosed.

**Trade Aggregation:**

We provide investment management services to various clients. We , in our sole discretion, aggregate purchases or sales of any security, instrument or obligation effected for various client accounts with purchases or sales, as the case may be, of the same security, instrument or obligation effected on the

same day for the accounts of one or more of our other clients. Although such concurrent aggregations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they will be effected only when we believe that to do so will be in the best interest of the affected accounts. When transactions are so aggregated, (a) the actual prices applicable to the aggregated transaction will be averaged, and each client account participating in the aggregated transaction will be deemed to have purchased or sold its share of the security, instrument or obligation involved at that average price and (b) all transaction costs incurred in effecting the aggregated transaction, except to the extent that certain broker-dealers that also furnish custody services can impose minimum transaction charges applicable to some of the participating accounts. When such concurrent aggregation occurs, the objective will be to allocate executions in a manner that is deemed equitable to the accounts involved.

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

Account reviews will be provided on a quarterly basis, but at a minimum shall be reviewed annually or by your request. Reviews can be warranted more frequently due to tax law changes, market changes, market conditions or changes in personal circumstances. Reviews initiated by you can be for personal objectives or for any reason you so desire. The accounts are reviewed for including, but not limited to, continued suitability, comfort level, risk tolerance relative to returns, and appropriateness. The reviews will be conducted by Thompson S. Phillips, Jr. President, Chief Compliance Officer.

Statements, confirmations and/or performance reports are furnished monthly or quarterly from various financial services institutions/firms with which you transact business. These firms include, and are not limited to, brokerages, investment companies, insurance companies, trust companies, other registered investment advisors, banks and credit unions. You will receive account statements from these entities and not our Firm. The monthly account statements from the custodian indicate activity, previous portfolio balances, current portfolio balances, and account summary. We can also assist you in interpreting and/or compiling statements or reports and transferring relevant information onto the appropriate place on your financial statements as part of our review process.

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

#### **Client Referrals:**

We do enter into arrangements with individuals or entities (the "Solicitor") under which the Solicitor will refer potential clients to us for investment advisory services. In return, we will agree to pay to such Solicitor a referral fee, which can be a fixed amount or a percentage of the advisory fee collected. Remuneration to the Solicitor is predicated on the prospect entering into an advisory agreement with our Firm. This sharing of fees will not result in you paying a higher fee than our published fee schedule.

The Solicitor will be properly registered (where applicable) and the arrangement will be disclosed in writing to all clients referred by the Solicitor. A copy of such disclosure will be signed by you and will be maintained in our files.

#### **Other Compensation:**

No other compensation is received other than what is already disclosed in this Brochure.

## Item 15 Custody

Your funds and securities will be maintained with a “qualified custodian” as required under Rule 206(4)-2 under the Advisers Act and we will not take physical possession of any client funds or securities. Custody of client accounts for both securities and funds will be maintained at Wells Fargo Clearing Services, LLC (Member FINRA/SIPC) the designated custodian and clearing firm for T.S. Phillips Investments, Inc. (Member FINRA/SIPC). Account statements are sent quarterly from the custodian and you should carefully review those statements including comparison to any reports we send to you.

## Item 16 Investment Discretion

Unless otherwise negotiated, you have granted our Firm sole and absolute discretion in the management of your portfolio and periodic re-balancing to the asset class target percentages as outlined in the Client's Advisory Agreement except with respect to payment of the Firm's Fees. In the exercise of its authority we are fully authorized and empowered to place orders to brokers, dealers, mutual funds, or other persons with respect to the purchase, sale, exchange, disposition or liquidation of any assets held in your portfolio.

We have limited authority to sell or redeem securities holdings in sufficient amounts to pay advisory fees. You can reimburse your portfolio for Advisory Fees paid to us.

## Item 17 Voting Client Securities

We do not vote your proxies and have instructed the Custodian to forward all proxy material directly to you. We shall forward to you, or to the Advisor(s) for an employee benefit plan covered by ERISA, unless the plan's trust agreement provides otherwise, any proxy materials we receive that pertain to the Assets in your Account. You can contact our office at 405-943-9433 for any questions about a particular solicitation.

## Item 18 Financial Information

We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. We do not have any financial condition that is reasonably likely to impair the ability to meet contractual commitments to you.

## Item 19 Requirements for State Registered Advisers

Not applicable, we are an SEC registered investment adviser.