

# Form ADV Part 2A: Disclosure Brochure

## Item 1 – Cover Page

**Spicewood Oaks Advisors, Inc.**  
**DBA Couch Hallum Financial Group**  
4810 Spicewood Springs Road, Suite 210  
Austin, Texas 78759  
(512) 527-8411

Date of Brochure: March 2017

---

This brochure provides information about the qualifications and investment advisory business practices of Spicewood Oaks Advisors, Inc. If you have any questions about the contents of this brochure, please contact us at (512) 527-8411. 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 Spicewood Oaks Advisors, Inc., is also available on the internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view information on this website by searching for Spicewood Oaks Advisors, Inc., or by using the firm's CRD number: 140136.

\*Registration as an investment advisor does not imply a certain level of skill or training.

## **Item 2 – Material Changes**

Since our last annual update was filed in March of 2016, our investment advisor representatives are now registered representatives of B.B. Graham & Company, a registered broker/dealer and member of FINRA/SIPC, and no longer registered representatives of Securities America, Inc., a registered broker/dealer and member of FINRA/SIPC.

Furthermore, since our Investment Advisor Representatives are no longer affiliated with Securities America, Inc., or Securities America Advisors, Inc. ("SAA"), an affiliate of SAI, we no longer use the Securities America Advisors' Independent Managed Assets Program ("IMAP") and have removed all references to this program from this brochure.

Lastly, December 31, 2016, was the last day that Spicewood Oaks Advisors, Inc., was permitted to accept any new clients.

We will ensure that you receive a summary of material changes, if any, to this and subsequent disclosure brochures within 120 days after our fiscal year ends. Our fiscal year ends on December 31 so you will receive the summary of material changes, if any, no later than April 30 each year. At that time, we will also offer a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

### Item 3 – Table of Contents

Item 1 – Cover Page .....	1
Item 2 – Material Changes .....	2
Item 3 – Table of Contents .....	3
Item 4 – Advisory Business .....	5
Ownership .....	5
General Description of Primary Advisory Services .....	5
Financial Planning Services (Plans and Consultations) .....	5
Asset Management Services .....	5
Referrals to Third-Party Money Managers .....	5
Limits of Advice to Certain Types of Investments .....	5
Advisor Tailored Services to Individual Needs of Clients .....	6
Wrap-Fee Program Versus Portfolio Management Program .....	6
Client Assets Managed by Advisor .....	6
Item 5 – Fees and Compensation .....	6
Financial Planning .....	7
Financial Plans .....	7
On-Going Financial Services .....	8
With Financial Plan .....	8
Without Financial Plan .....	8
Consultations .....	8
Asset Management Services .....	9
Fidelity Institutional Wealth Services .....	9
Envestnet Programs .....	10
Referrals to Third-Party Money Managers .....	12
Additional Compensation .....	13
Comparable Services .....	13
Item 6 – Performance-Based Fees and Side-By-Side Management .....	14
Item 7 – Types of Clients .....	14
Minimum Investment Amounts Required .....	14
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	14
Methods of Analysis .....	14
Fundamental .....	14
Technical .....	15
Charting .....	15
Primary Method of Analysis or Strategy .....	15
Investment Strategies .....	15
Risk of Loss .....	15
Primary Recommend of One Type of Security .....	17
Item 9 – Disciplinary Information .....	17
Item 10 – Other Financial Industry Activities and Affiliations .....	17
Securities Sales .....	17
Insurance Sales .....	18
Third-Party Money Managers .....	18
Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading .....	18
Code of Ethics .....	18
Participation in Client Transactions and Personal Trading .....	19

Item 12 – Brokerage Practices.....	19
Fidelity Institutional Wealth Services .....	19
Best Execution .....	20
Soft Dollar.....	20
Handling of Trade Errors.....	21
Block Trades .....	21
Item 13 – Review of Accounts.....	21
Account Reviews.....	21
Account Reports.....	21
Item 14 – Client Referrals and Other Compensation .....	22
Item 15 – Custody .....	22
Item 16 – Investment Discretion .....	22
Item 17 – Voting Client Securities .....	23
Item 18 – Financial Information.....	23
Privacy Policy Statement .....	24

## **Item 4 – Advisory Business**

### **Ownership**

Spicewood Oaks Advisors, Inc. (“Advisor” or “we”), also conducts business under the name Couch Hallum Financial Group. We have been registered as an investment advisor firm since September 2008. We are a Texas corporation and our sole owner is Barton L. Couch, CFP®.

### **General Description of Primary Advisory Services**

We offer personalized investment advisory services including financial planning, asset management and referrals to third-party money managers. The following are brief descriptions of our primary services. A detailed description is provided in **Item 5, Fees and Compensation**, so that clients and prospective clients (“clients” or “you”) can review the services and description of fees more thoroughly.

#### ***Financial Planning Services (Plans and Consultations)***

Financial planning can be described as the long-term process of wisely managing your finances so you can achieve your goals, while at the same time negotiating the financial barriers that inevitably arise in every stage of life.

We offer advisory services in the form of financial plans. These plans can be comprehensive by focusing on all areas of your financial situation or modular by focusing on specific areas of concern to you. These services do not involve actively managing your investment accounts.

We also offer on-going financial planning as well as limited consultations where you can visit with us concerning any financial issues of concern to you.

#### ***Asset Management Services***

We offer asset management services providing you with continuous and on-going supervision over your accounts. This means that we continuously monitor your account and make trades in that account when necessary.

#### ***Referrals to Third-Party Money Managers***

We offer advisory services by referring you to outside, or unaffiliated, money managers that are registered or exempt from registration as investment advisors. Third-party money managers are responsible for continuously monitoring your accounts and making trades in your accounts when necessary.

### **Limits of Advice to Certain Types of Investments**

We can provide investment advice on the following types of investments:

- Exchange-listed securities
- Securities traded over-the-counter
- Corporate debt securities (other than commercial debt)
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- Mutual fund shares

- United States government securities
- Option contracts on securities
- Interests in real estate partnerships investing in real estate and oil and gas interests

Some of our advisory services may invest a portion of client's assets in mutual funds, variable annuities or exchanges traded funds (ETFs), and charge an investment management fee on client assets invested in these securities. Therefore, clients may pay two levels of fees for the management of their assets, one directly to us and/or the program sponsor and one indirectly to the managers of the mutual funds, ETFs or variable annuities held in their portfolios.

For some of our services described in **Item 5, Fees and Compensation**, we introduce you to money managers who provide discretionary management of individual portfolios of equity and/or fixed income securities.

While our advice is generally limited to the investment products previously listed, we reserve the right to offer advice on any product that may be suitable for each client's specific circumstances, needs, goals and objectives. Please refer to **Item 8, Methods of Analysis, Investment Strategies and Risk of Loss**, for more information.

#### **Advisor Tailored Services to Individual Needs of Clients**

Our services are always provided based on your specific needs. You have the ability to impose restrictions on your accounts, including specific investment selections and sectors. However, we will not enter into an investment advisor relationship with a prospective client whose investment objectives may be considered incompatible with our investment philosophy or strategies, or where the prospective client seeks to impose unduly restrictive investment guidelines.

#### **Wrap-Fee Program Versus Portfolio Management Program**

We offer services through both traditional and wrap-fee management programs. In traditional management programs, advisory services are provided for a fee but transaction services are billed separately on a per-transaction basis. In wrap-fee programs, advisory services (including portfolio management or advice regarding selecting other investment advisors) and transaction services are provided for one fee. The Envestnet Advisor as Portfolio Manager Program (described in **Item 5, Fees and Compensation**) is a wrap-fee program. Whenever a fee is charged to a client for services described in this Disclosure Brochure (whether wrap fee or non-wrap fee), we will receive all or a portion of the fee charged.

From a management perspective, there is not a fundamental difference in the way we manage traditional management accounts versus wrap-fee management accounts. The only significant difference is the way in which transaction services are paid.

#### **Client Assets Managed by Advisor**

The amount of client assets managed by Advisor totaled \$194,542,010 as of December 31, 2016, with \$193,330,409 managed on a discretionary basis and \$1,211,601 managed on a non-discretionary basis.

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

In addition to the information provided in **Item 4, Advisory Business**, this section provides details regarding our services along with descriptions of each service's fees and compensation arrangements.

## **Financial Planning**

### ***Financial Plans***

We offer written financial planning services consistent with your current financial situation as well as your financial goals and objectives. Financial plans can be comprehensive or segmented. A financial plan can include, but is not limited to, the areas of:

- Investment management
- Retirement planning
- Estate planning
- Insurance planning
- Tax planning
- Asset protection strategies
- College funding strategies

You can receive a free introductory meeting. At this meeting, you discuss your financial needs and goals and we describe the advisory services offered that can help you meet your objectives. Once you decide to proceed with the preparation of a financial plan, a client agreement is signed and we begin gathering the necessary information and documents. Additional meetings or telephone conferences may be needed to collect all required information.

We rely on the information provided by you. Therefore, it is very important that the information you provide is complete and accurate. We are not responsible for verifying the information supplied by you. Our services do not include legal or tax advice. You are also urged to work closely with your attorney, accountant or other professionals regarding your financial and personal situation.

Once we receive all necessary data and documents, plans are completed and presented to you usually within 2-4 weeks. A comprehensive plan focuses on your overall financial situation and covers several of the areas previously noted, as needed by your specific situation. A modular (segmented) plan focuses only on one or more specific area(s) of concern to you, and you should be aware that other important issues may not be taken into consideration when we develop your analysis and recommendations.

Fees are normally charged on a fixed fee basis, but you may request hourly charges. There is a minimum fixed fee of \$1,500 with a maximum fixed fee not exceeding \$50,000. Fees are negotiable based on the complexity of your financial situation, the actual services requested and the investment advisor representative providing the services. A deposit is usually due at the time the client agreement is signed.

Hourly fees are charged at a rate of \$250 per hour, and we provide an estimate of the hours needed to complete the requested plan. If the hours required to complete the plan exceed the estimate given, we contact you before proceeding with any additional work. You are charged the actual time expended on preparation of the requested plan. A deposit for the hourly services is usually due at the time the client agreement is signed.

Either party may terminate financial planning services at any time by submitting a written notice to the other, and termination is effective upon receiving such notice. If services are terminated within five business days of signing the client agreement, services are terminated without penalty. After the initial five business days, you are responsible for the time expended by us prior to receiving the termination notice. If you are entitled to a refund of prepaid fees, the fees are refunded on a prorated basis pursuant to the time expended up to receipt of the termination notice. If the time expended has exceeded the prepaid fees, you are responsible for that additional time.

## **On-Going Financial Services**

### ***With Financial Plan***

If you contract for a financial plan, you may also elect to receive on-going financial planning services for a one-year period free of charge. We recommend that your plan and financial situation be reviewed and updated on a semi-annual basis, although you may request that regular reviews and updates be conducted on a quarterly basis instead or as your circumstances may require. In addition to the free financial plan reviews and updates during the one-year period, we are available for free consultations regarding any areas of your financial situation.

### ***Without Financial Plan***

If you do not contract for a separate financial plan, you may still engage us for on-going financial services. Fees for these on-going financial services are charged on a fixed fee basis, with a minimum fee of \$1,500 and a maximum fee not exceeding \$50,000 for the year. Fees are negotiable based on the requested and anticipated services to be provided by us. The negotiated fee is disclosed to you prior to services being provided. On-going financial services are provided for a one-year period, and the client agreement is automatically renewable on the anniversary date of the initial agreement being signed. At renewal, our investment advisor representatives may revise the fees charged for the next year due to the complexity of your situation, due to the actual time spent providing services during the previous year, or due to increased time anticipated to be needed in the coming year. In this case, a new client agreement is required.

Fees are billed in advance and you are billed on a decided upon basis. In no event are you billed more than \$1,200 more than six months in advance. You have the option to have fees automatically deducted from an existing account or to be paid directly to us. The option to have fees deducted from an account is only available for established accounts. If you choose to have the fee automatically deducted from an existing account, you are required to provide the account custodian with written authorization to deduct the fees from the account and pay them to us. At no time do we or our investment advisor representatives act as custodian for any account or have direct access to your funds or securities.

Either party may terminate on-going financial services at any time by submitting a written notice to the other, and termination is effective upon receiving the notice. We may also terminate services if you have failed to pay fees when due. If services are terminated within five business days of signing the client agreement, services are terminated without penalty. For a termination after the initial five business day period, any prepaid fees will be refunded on a prorated basis.

### ***Consultations***

If you do not elect to contract for a financial plan or on-going financial services, you may instead choose to contract for consultation services on any topic of interest or concern to you. Together we determine how much time is required to complete the requested consultations and also decide whether the services are billed on an hourly or fixed fee basis. For hourly fees, the charge is calculated by multiplying a \$250 per hour rate by the number of hours estimated to complete the requested consultations. This quoted fee is due at the first consultation and there may be a later adjustment so that you are always charged only for the exact amount of time actually used. Fixed fees are charged per consultation occurrence and the charge is negotiable based upon the complexity of your situation and the actual services requested. Fixed fees are due at each consultation.

Either party may terminate consultation services at any time by submitting a written notice to the other, and termination is effective upon receiving such notice. If services are terminated within five business days of signing the client agreement, services are terminated without penalty. After the initial five business days, you are entitled to a prorated refund of unearned fees.



## **Asset Management Services**

Many of our clients elect to engage us to provide fee-based asset management services where we are solely responsible for making all investment recommendations and also for making changes to the managed account. These services can be provided on a discretionary or non-discretionary basis. See **Item 16, Investment Discretion**, for more details. If you elect to engage us for this service, we will develop an individualized investment program for your account(s). We provide various investment strategies through our management services; a specific investment strategy is crafted for you and focuses on your specific goals and objectives. When managing assets, we may also utilize model portfolios provided by us or institutional investment strategists. We may also introduce you to third-party money managers who provide discretionary management of individual portfolios. Asset management services are separate from and in addition to the financial planning services previously discussed.

To provide these services, we need to obtain certain information from you to determine your financial situation and investment objectives. At least quarterly, you are reminded to notify us whether your financial situation or investment objectives have changed or if you want to impose and/or modify any reasonable restrictions on management of your accounts. At least annually, we contact you to determine whether your financial situation or investment objectives have changed, or if you want to impose and/or modify any reasonable restrictions on your managed accounts. We are always reasonably available to consult with you relative to the status of your accounts. You have the ability to impose reasonable restrictions on the management of your accounts, including the ability to instruct us not to purchase certain securities. Your beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise the account. A separate account is maintained for you with the custodian and you retain right of ownership of the account (e.g., the right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations).

It is important that you understand we manage investments for other clients and may give them advice or take actions for them or for our personal accounts that is different from the advice we provide to you or actions we take for you. We are not obligated to buy, sell or recommend to you any security or other investment that we may buy, sell or recommend for any other clients or for our own accounts.

Conflicts may arise in allocating investment opportunities among accounts that we manage. We strive to allocate investment opportunities believed appropriate for your account(s) and other accounts advised by us among equitably and consistent means, with the best interests of all accounts involved. However, there is no assurance that a particular investment opportunity that comes to our attention is allocated in any particular manner. If we obtain material, non-public information about a security or its issuer that we may not lawfully use or disclose, we have no obligation to disclose the information to you or any other client or use it for any client's benefit.

## ***Fidelity Institutional Wealth Services***

When managing assets, we may recommend that your assets be maintained in a brokerage account with Fidelity Institutional Wealth Services, a division of Fidelity Brokerage Services LLC (Fidelity), an SEC registered broker/dealer and member NYSE/SIPC. See **Item 12, Brokerage Practices**, for additional discussion on our recommendation and use of Fidelity. Advisor may utilize one of the Private Wealth Management Programs sponsored by Envestnet Asset Management, Inc., when providing these services.

We assist you in establishing an account through Fidelity, who acts as the qualified account custodian and maintains custody of your funds and securities. We do not act as custodian and do not have direct access to your funds and securities except to have advisory fees deducted from your account with your prior written authorization. There is a \$5,000 minimum to establish and maintain a managed account at Fidelity, although exceptions may be granted upon request (i.e. related family accounts or anticipated additional deposits within one year to meet the required minimum).

You authorize us to have trading authorization on your accounts and we provide management services at Fidelity on either a discretionary or non-discretionary basis. See **Item 16, Investment Discretion**, for additional discussion on discretionary and non-discretionary authority.

Fees for Fidelity management services can be charged as a percentage of the assets managed or as a flat fee. Together, we will decide which fee structure is best for your accounts. If fees are charged as a flat fee, the rate ranges from \$1,500 to \$15,000 per year. If billed as a percentage of assets managed, the fee is as follows:

\$5,000 to \$250,000	1.5% per year
\$250,001 to \$1,000,000	1.2% per year
\$1,000,001 and up	1.0% per year

Fees are billed in advance at the beginning of each quarter and based on the portfolio value of the account as of the first day of the quarter. If an agreement for services is executed mid-period, the initial fee is prorated based on the number of days services are provided during the first billing period.

All fees are negotiable at our sole discretion based on the size of your investment portfolio and the strategies we agree to implement. We will disclose the fee charged to you before providing any services.

Fees are automatically deducted from the account, and you are required to provide written authorization to Fidelity to have fees automatically deducted and paid to us. At least quarterly, you receive an account statement from Fidelity detailing transactions in your account, including advisory fees charged. You are responsible for verifying the accuracy of the fee calculations. Fidelity does not determine whether or not the fee is properly calculated.

Fidelity does not charge separately for maintaining custody of your accounts, but may charge brokerage commissions and/or transaction fees directly to you. We do not receive any portion of the commission or fees from either the custodian or from you. In addition, you may incur certain charges imposed by third parties other than us in connection with investments made through your account, including, but not limited to, mutual fund sales loads, 12(b)-1 fees and surrender charges, variable annuity fees and surrender charges, and IRA and qualified retirement plan fees. Our management fees are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to you. A description of these fees and expenses are available in each security prospectus. We make every effort to minimize transaction costs for our clients by utilizing NTF (no trading fee) mutual funds and ETF's, and by working with Fidelity to negotiate the lowest ticket charge possible.

Either party may terminate the agreement for management services by providing a written notice to the other, and termination is effective five days after receiving the notice. During that five day period, we continue to provide services as needed to complete our work unless you specifically state otherwise. We do not begin any new undertaking during that five-day period. If services are terminated within five business days of signing the client agreement, services are terminated without penalty. After the initial five business days, prepaid fees are refunded on a prorated basis.

### ***Envestnet Programs***

We have established a relationship with Envestnet, a registered investment advisor, to participate in their wrap fee programs. Envestnet offers programs that provides clients with the opportunity to establish mutual fund and ETF asset-allocated portfolios (fund strategist portfolios), separately managed accounts and unified managed accounts utilizing third-party money managers who are registered as investment advisors (collectively referred to as sub-advisors). It also provides us the opportunity to create and manage model portfolios consisting of mutual funds, stocks, bonds, and ETF's through their Advisor as

Portfolio Manager Program (APM). The custodian for your assets is Fidelity Investments. Fidelity and Envestnet offer online access to view your accounts.

Within the Envestnet platform, we may act as a referral party when referring you into fund strategist portfolios, separate account portfolios, and unified managed account portfolios. We act as direct manager with discretionary trading of the portfolio when using the APM portfolios.

We do not refer you to Envestnet's fund strategist portfolios, separately managed accounts or unified managed accounts unless the sub-advisors are registered or are exempt from registration as investment advisors in your state of residence. You grant us the discretionary authority to select one or more sub-advisors for your account. We do not have discretion over the trading activities of the sub-advisor. Clients establishing Envestnet accounts receive Envestnet's Disclosure Brochure in addition to Spicewood Oaks Advisors' Disclosure Brochure.

We are responsible for assisting you with identifying your risk tolerance and investment objectives and are available to meet with you on a continuous basis. We recommend managers and help determine appropriate investment strategies in relation to your stated investment objectives and risk tolerance. Although the third-party investment managers are responsible for making all investment decisions, we are available to answer questions you may have regarding your account and act as the communication conduit between you and the investment manager.

Although we review the performance of numerous third-party investment managers, we are only able to select the investment managers approved by Envestnet and thus available on their platform. Therefore, we have a conflict of interest because we do not recommend third-party investment managers to you if the investment manager is not available through Envestnet.

You should be aware that we are paid solicitor/referral fees by Envestnet for recommending fund strategist portfolios, separate managed accounts, and unified managed account portfolios. Envestnet also shares fees with the sub-advisors. Portfolios are selected and recommended based on each individual client's needs, goals and objectives.

The maximum total fee charged to you in Envestnet's fund strategist portfolios, separately managed accounts, or unified managed accounts, is 2.3% and is negotiable depending upon asset size and work involved. The maximum total fee charged to you in the APM Portfolios is 1.8% and is negotiable depending upon asset size and work involved. Envestnet is responsible for collecting all fees paid by you through these programs and then journaling our portion of the advisory fees to us.

Trading within Envestnet's programs may trigger wash sale rule implications. Envestnet sub-advisors do not manage accounts in a way to avoid wash sale implications. You are encouraged to consult with a tax advisor to discuss any tax implications involving your Envestnet portfolios.

A complete description of the Envestnet programs and related fees, charges, when due and termination procedures are described in Envestnet's Disclosure Brochure (Wrap Fee Program Brochure) which you receive at or prior to the time an Envestnet account is established.

You are advised that there may be other third-party managed programs, not recommended by us, that are suitable for you and that may be more or less costly than programs recommended by us. No guarantees can be made that your financial goals or objectives will be achieved by a sub-advisor recommended by us or by the use of APM portfolios. Furthermore, no guarantees of performance can ever be offered by us.

### **Referrals to Third-Party Money Managers**

We may refer you to a third-party money manager which provides asset management and investment advisory services directly to you. This means the third-party money manager is responsible for continuously monitoring your accounts and making trades in your accounts when necessary.

When you agree to engage a third-party money manager that we recommend, we are considered a solicitor to the manager. As a result, we are paid a portion of the fee charged and collected by the third-party manager in the form of solicitor fees or consulting fees. Each solicitation arrangement is performed pursuant to a written solicitation agreement and is in compliance with SEC Rule 206(4)-3 and applicable state securities rules and regulations.

We are responsible for assisting you with identifying your risk tolerance and investment objectives. We recommend third-party money managers and help determine appropriate investment strategies in relation to your stated investment objectives and risk tolerance. You must enter into an agreement directly with the unaffiliated third-party money manager.

Although the third-party money managers are responsible for making all investment decisions, we are available to answer questions you may have regarding your account and act as the communication conduit between you and the managers. The managers we recommend generally require discretionary authority to determine the securities to be purchased and sold in your accounts. We do not have any trading authority with respect to your managed account(s) with the third-party money manager(s).

Although we review the performance of numerous third-party money managers, we enter into only a select number of relationships that have agreed to pay us a portion of the overall fee charged to our clients. Therefore, we have a conflict of interest because we only recommend third-party investment advisors that agree to compensate us for referring our clients.

You are advised that there may be other third-party managed programs, not recommended by us, that are suitable for you and that may be more or less costly than arrangements recommended by us. No guarantees can be made that your financial goals or objectives will be achieved by a third-party investment advisor recommended by us. Furthermore, no guarantees of performance can ever be offered by us. See **Item 8, Methods of Analysis, Investment Strategies and Risk of Loss**, for more details.

Trading by money managers may trigger wash sale rule implications. You are encouraged to consult with a tax advisor to discuss any tax implications involving your portfolios.

If we recommend a third-party money manager to you, a complete description of their services, fee schedules and account minimums are provided in their Form ADV Disclosure Brochure or Wrap Fee Program Brochure. These brochures are provided to you when we initially recommend the third-party money manager.

While the actual fee charged to you varies depending on the third-party money manager utilized, the portion retained by us in the form of solicitor fees or consulting fees will not exceed 1%. Our portion of the fee is negotiable. Under a typical fee schedule for accounts managed by a third party, we receive a fee of up to 1% on the first \$1,000,000 of assets, a .75% fee charged on the next \$1,500,000 of assets, and a fee of .50% on assets in excess of \$2,500,000. All fees are calculated and collected by the selected third-party money manager firm who is responsible for delivering our portion of the fee to us.

You may incur additional charges including, but not limited to, mutual fund sales loads, 12b-1 fees and surrender charges and IRA and qualified retirement plan fees. We do not receive any portion of such commissions or fees. We are only compensated by the consulting fee described above. We receive no other compensation in connection with your account managed by a third-party money manager.

### **Additional Compensation**

You have sole discretion about whether or not to contract for our services. In addition, you have sole discretion about whether or not to implement any recommendations made by us. If you do decide to implement recommendations on your own, you are responsible for taking any actions or implementing any transactions required. You are free to select any broker/dealer and/or insurance agent to implement our recommendations.

You should be aware that our investment advisor representatives are also registered representatives of B.B. Graham & Company, a registered broker/dealer and member of FINRA/SIPC. In this separate capacity, they can receive a commission for selling securities products. This is a potential conflict of interest. As a registered representative, they may sell mutual funds and receive 12(b)-1 fees in addition to commissions. The 12(b)-1 fees, named after a section of the *Investment Company Act of 1940*, are annual marketing or distribution fees and considered an operational or administrative expense. The fees are included as a part of the mutual fund's total expense ratio and paid from fund assets. Therefore, the fees come indirectly from your fund. Every mutual fund prospectus includes a description of the fund's fees and expenses. Receiving 12(b)-1 fees represents an incentive for a registered representative to recommend funds with 12(b)-1 fees or with higher 12(b)-1 fees than funds with no fees or lower fees. This is also a potential conflict of interest. Our investment advisor representatives will only recommend mutual funds to clients if those funds are suitable for you and appropriate to help fulfill your objectives.

In addition, our investment advisor representatives are also independently licensed as insurance agents and can sell insurance products to any client. The investment advisor representatives can earn commissions when selling insurance products in this separate capacity. This is a potential conflict of interest, since any commissions earned could be in addition to advisory fees earned in their capacity as an investment advisor representative.

Please see **Item 10, Other Financial Activities and Affiliations**, and **Item 12, Brokerage Practices**, for additional discussion on these conflicts of interest.

From time to time, we may receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing such as advertising, publishing and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for whom sales have been made or anticipated sales will be made. Our investment advisor representatives endeavor at all times to put your interests first as a part of our fiduciary duty. However, you should be aware that receiving additional compensation through nominal sales awards, expense reimbursements, etc., creates a conflict of interest that may impact the judgment of our investment advisor representatives when making advisory recommendations.

### **Comparable Services**

We believe our fees for advisory services are reasonable with respect to the services provided and the fees charged by other investment advisors offering similar services. However, lower fees for comparable services may be available from other sources.

The amount of compensation we may receive in a particular program may be more than would be received if you participated in other programs or paid separately for investment advice, brokerage and other services. You may wish to consider the following factors when determining the reasonableness of advisory fees charged:

- The fee charged for developing an asset allocation study and/or developing an investment strategy.
- Transaction and custody costs or other miscellaneous fees and taxes and/or charges, as well as commissions or mark ups and mark downs, on the purchase and/or sale of securities.
- The cost of producing a quarterly performance report covering managed assets.
- The value of the consulting service provided by Advisor in designing and monitoring your managed assets.
- The cost of investment advice provided by Advisor.
- The cost of the additional administrative, marketing, asset management, and other support services that may be provided and (when applicable) any sub-advisors used in managing a program account.

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

Performance-based fees are defined as fees based on a share of capital gains or capital appreciation of the assets held in a client's account. We do not receive performance-based fees.

#### **Item 7 – Types of Clients**

Our clients may generally include individuals (including trusts and estates), high-net worth individuals, and corporations.

#### **Minimum Investment Amounts Required**

There is a minimum of \$5,000 required to establish and maintain an account at Fidelity Institutional Wealth Services, although exceptions may be granted upon request (i.e. related family accounts or anticipated additional deposits within one year to meet the required minimum).

Investnet programs require minimums ranging from \$10,000 to \$50,000 for fund strategist portfolios. Separate account portfolios require a minimum of \$100,000. Unified Managed Account portfolios require a minimum of \$250,000. APM portfolios require investment minimums ranging from \$25,000 to \$70,000 depending on the model.

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

##### **Methods of Analysis**

We use fundamental, technical and charting analysis when considering investment strategies and recommendations for clients.

##### ***Fundamental***

Fundamental analysis is a method of evaluating a company or security by attempting to measure its intrinsic value. In other words, fundamental analysts try to determine its true value by looking at all aspects of the business, including both tangible factors (e.g., machinery, buildings, land, etc.) and intangible factors (e.g., patents, trademarks, "brand" names, etc.). Fundamental analysis also involves examining related economic factors (e.g., overall economy and industry conditions, etc.), financial factors (e.g., company debt, interest rates, management salaries and bonuses, etc.), qualitative factors (e.g., management expertise, industry cycles, labor relations, etc.), and quantitative factors (e.g., debt-to-equity and price-to-equity ratios).

The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

### ***Technical***

This method of evaluating securities analyzes statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

### ***Charting***

Charting is a technical analysis that charts the patterns of stocks, bonds and commodities to help determine buy and sell recommendations for clients. It is a way of gathering and processing price and volume information in a security by applying mathematical equations and plotting the resulting data onto graphs in order to predict future price movements. A graphical historical record assists the analyst in spotting the effect of key events on a security's price, its performance over a period of time and whether it is trading near its high, near its low or in between. Chartists believe that recurring patterns of trading, commonly referred to as indicators, can help them forecast future price movements.

### **Primary Method of Analysis or Strategy**

We attempt to utilize all three methods in conjunction with each other as we make recommendations for investments within our clients' portfolios. See also, **Item 5, Fees and Compensation**, for additional discussion on our strategy and analysis methods when managing assets.

### **Investment Strategies**

When implementing investment advice, our investment strategies may include:

- Long term purchases (securities held at least a year).
- Short term purchases (securities sold within a year).
- Margin transactions (investor pays for part of the purchase and borrows the rest from a brokerage firm [e.g., investor buys \$5,000 worth of stock in a margin account by paying for \$2,500 and borrowing \$2,500 from a brokerage firm]. Clients cannot borrow stock from Advisor).
- Option writing (including covered options, uncovered options or spreading strategies). (Note: options are contracts giving the purchaser the right to buy or sell a security, such as stocks, at a fixed price within a specific period of time).

We also use model asset allocation portfolio programs provided by a number of institutional investment managers and strategists.

We gather information from research materials prepared by others, corporate rating services and annual reports, prospectus and other filings with the Securities and Exchange Commission.

### **Risk of Loss**

Investing in securities involves a risk of loss that you should be prepared to bear, including loss of your original principal. However, you should be aware that past performance of any security is not necessarily

indicative of future results. Therefore, you should not assume that future performance of any specific investment or investment strategy will be profitable. We do not provide any representation or guarantee that your goals will be achieved. Furthermore, depending on the different types of investments, there may be varying degrees of risk:

- Market Risk. Either the market as a whole, or the value of an individual company, goes down, resulting in a decrease in the value of client investments. This is referred to as systematic risk.
- Equity (Stock) Market Risk. Common stocks are susceptible to fluctuations and to volatile increases/decreases in value as their issuers' confidence in or perceptions of the market change. Investors holding common stock (or common stock equivalents) of any issuer are generally exposed to greater risk than if they hold preferred stock or debt obligations of the issuer.
- Company Risk. There is always a certain level of company or industry specific risk when investing in stock positions. This is referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that a company may perform poorly or that its value may be reduced based on factors specific to it or its industry (e.g., employee strike, unfavorable media attention).
- Options Risk. Options on securities may be subject to greater fluctuations in value than investing in the underlying securities. Purchasing and writing put or call options are highly specialized activities and involve greater than ordinary investment risk. Puts and calls are the right to sell or buy a specified amount of an underlying asset at a set price within a set time.
- Fixed Income Risk. Investing in bonds involves the risk that the issuer will default on the bond and be unable to make payments. In addition, individuals depending on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- ETF and Mutual Fund Risk. ETF and mutual fund investments bear additional expenses based on a pro-rata share of operating expenses, including potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities held by the ETF or mutual fund. Clients also incur brokerage costs when purchasing ETFs.
- Management Risk. Your investments also vary with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our strategies do not produce the expected returns, the value of your investments will decrease.

When you purchase securities, you may pay for the securities in full or borrow part of the purchase price from your account custodian or clearing firm. If you borrow part of the purchase price, then you are engaging in margin transactions and there is risk involved with this. The securities held in your margin account are collateral for the custodian or clearing firm that loaned you the money. If those securities decline in value, then the value of the collateral supporting your loan also declines. As a result, the brokerage firm is required to take action in order to maintain the necessary level of equity in your account. The brokerage firm may issue a margin call and/or sell other assets in your account.

It is important that you fully understand the risks involved in trading securities on margin, including:

- You can lose more funds than you deposit in your margin account.
- The account custodian or clearing firm can force the sale of securities or other assets in your account.
- The account custodian or clearing firm can sell your securities or other assets without contacting you.



- You are not entitled to choose which securities or other assets in your margin account may be liquidated or sold to meet a margin call.
- The account custodian or clearing firm may move securities held in your cash account to your margin account and pledge the transferred securities.
- The account custodian or clearing firm can increase its “house” maintenance margin requirements at any time and are not required to provide you advance written notice.
- You are not entitled to an extension of time on a margin call.

### **Primary Recommend of One Type of Security**

We do not recommend any specific security to clients. Instead, we recommend any product that may be suitable for each client relative to their specific circumstances and needs.

### **Item 9 – Disciplinary Information**

We have no legal or disciplinary events that are material to your evaluation of our business or the integrity of our management. Therefore, this item is not applicable to our brochure.

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

We do not have a related person that is:

- A broker/dealer, municipal securities dealer or government securities dealer or broker.
- An 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).
- An investment adviser or financial planner.
- A futures commission merchant, commodity pool operator or commodity trading advisor.
- An insurance company or agency.
- A lawyer or law firm.
- A pension consultant.
- A real estate broker or dealer.
- A sponsor or syndicator of limited partnerships.

We are an independent registered investment advisor and only provide investment advisory services. We are not engaged in any other business activities and offer no other services except those described in this Disclosure Brochure. However, while we do not sell products or services other than investment advice, our investment advisor representatives may sell other products or provide services in their separate individual capacities.

### **Securities Sales**

We are also registered representatives of B.B. Graham & Company. You can engage us in this separate capacity to render securities brokerage services under a commission arrangement. We have a financial incentive to recommend that our advice be implemented using certain products or services. This is a conflict of interest because we receive commissions in our capacity as registered representatives of B.B. Graham & Company and can receive advisory fees in our capacities as investment advisor representatives.

You are under no obligation to use the services of our investment advisor representatives in this separate capacity or to use B.B. Graham & Company. and can select any broker/dealer you wish to implement securities transactions. If you select our investment advisor representatives to implement securities

transactions in their separate capacity as registered representatives, they must use B.B. Graham & Company. Prior to effecting any transactions, you are required to enter into a new account agreement with B.B. Graham & Company. The commissions charged by B.B. Graham & Company may be higher or lower than those charged by other broker/dealers. In addition, as registered representatives, we may also receive additional ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that you maintain the mutual fund investment.

### **Insurance Sales**

Our investment advisor representatives are also independently licensed to sell insurance products through various insurance companies. When acting in this capacity, they may receive fees or commissions for selling these products. You are under no obligation to direct insurance transactions to insurance companies with which our investment advisor representatives may be licensed. Suitable insurance and investment products may be available from other companies.

### **Third-Party Money Managers**

As described in **Item 5, Fees and Compensation**, we have formed relationships with independent, third-party money managers.

We may recommend you work directly with third-party money managers. When we refer you to a third-party money manager, we receive a portion of the fee charged by the third-party money manager. Therefore, we have a conflict of interest because we only recommend third-party money managers that agree to compensate us by paying us a portion of the fees billed to your account managed by the third-party money manager.

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

### **Code of Ethics**

According to the *Investment Advisers Act of 1940*, an investment advisor is considered a fiduciary. As a fiduciary, it is an investment advisor's responsibility to provide fair and full disclosure of all material facts. In addition, an investment advisor has a duty of utmost good faith to act solely in the best interest of each of their clients. We have a fiduciary duty to all clients. We have established a Code of Ethics which all associated persons must read. They must then execute an acknowledgment agreeing that they understand and agree to comply with the Code of Ethics. Our fiduciary duty to clients is considered the core underlying principle for our Code of Ethics and represents the expected basis for all dealings by us with clients. We have the responsibility to make sure that the interests of clients are placed ahead of our interests. All investment advisor representatives will conduct business in an honest, ethical and fair manner. All investment advisor representatives will comply with all federal and state securities laws at all times. We provide full disclosure of all material facts and potential conflicts of interest to clients prior to services being conducted. We have a responsibility to avoid circumstances that might negatively affect or appear to affect their duty of complete loyalty to clients. This section is only intended to provide current clients and potential clients with a description of our Code of Ethics. If current clients or potential clients wish to review our Code of Ethics in its entirety, a copy may be requested from any of our investment advisor representatives and it will be provided promptly.

Some of our investment advisor representatives are also CERTIFIED FINANCIAL PLANNER™ representatives (CFP®) and also abide by the Code of Ethics and Responsibility Code of the CERTIFIED FINANCIAL PLANNER™ Board of Standards, Inc. The Code of Ethics and Responsibility Code requires CFP® designees to not only comply with all applicable laws and regulations but to also act in an ethical and professional responsible manner in all professional services and activities. The principles guiding CFP® designees are:

- Integrity
- Objectivity
- Competence (in providing services and maintaining knowledge and skills to do so)
- Fairness (to clients, principals, partners and employers and disclosing any conflicts of interest in providing services)
- Confidentiality (keeping all client information confidential without the specific client consent unless in response to legal process or in defense of charges of wrongdoing or civil dispute)
- Professionalism
- Diligence

You can obtain a copy of the Code of Ethics and Responsibility Code by requesting a copy from us.

### **Participation in Client Transactions and Personal Trading**

We may buy or sell securities or have an interest or position in a security for our personal accounts that are recommended to clients. We are and will continue to be in compliance with *The Insider Trading and Securities Fraud Enforcement Act of 1988*. As these situations may represent a potential conflict of interest, it is our policy that we will not prefer our own interest to that of the advisory client. No person employed by us may purchase or sell any security prior to a transaction or transactions being implemented for an advisory account. We will not buy or sell securities for our personal account(s) where our decision is derived, in whole or in part, by information obtained as a result of our employment unless the information is also available to the investing public upon reasonable inquiry. We maintain a list of all securities holdings for all investment advisor representatives that is reviewed on a regular basis. This log is available for the client review upon request.

## **Item 12 – Brokerage Practices**

### **Fidelity Institutional Wealth Services**

If you elect to use our asset management services through Fidelity Institutional Wealth Services (“Fidelity”), then you will be required to establish an account with Fidelity. Fidelity provides us with access to their institutional trading and custody services, which are typically not available to retail investors. The services from Fidelity include brokerage, custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Fidelity also makes available to us other products and services that benefit us but may not benefit our clients' accounts. Some of these other products and services assist us in managing and administering client accounts. These include software and other technology that:

- Provide access to client account data (such as trade confirmation and account statements).
- Facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts).
- Provide research, pricing information and other market data.
- Facilitate payment of our fees from client accounts.
- Assist with back-office functions, recordkeeping and client reporting.

Many of these services generally may be used to service all or a substantial number of our accounts, including accounts not maintained at Fidelity. Fidelity also makes available other services intended to help us manage and further develop our business. These services may include:

- Consulting, publications and conferences on practice management
- Information technology
- Business succession

- Regulatory compliance
- Marketing

In addition, Fidelity may make available, arrange and/or pay for these types of services rendered to us by an independent third-party providing these services to us. As a fiduciary, we endeavor to act in your best interest. Our recommendation that you maintain your assets in accounts at Fidelity may be based in part on the benefit to us in the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Fidelity. This may create a potential conflict of interest.

You are under no obligation to act on our recommendations. You may select a broker/dealer or account custodian other than Fidelity although we would be unable to provide asset management services if you do so.

### **Best Execution**

While we do not allow directed brokerage, we must still use reasonable diligence to make certain that best execution is obtained for clients when implementing any transactions. Best execution does not necessarily mean that clients receive the lowest possible commission costs but that the qualitative execution is best. In other words, all conditions surrounding the transaction execution is in the best interests of clients. When considering best execution, we look at a number of factors besides prices and rates including, but not limited to:

- Execution capabilities (e.g., market expertise, ease/reliability/timeliness of execution, responsiveness, integration with existing systems of the advisor, ease of monitoring investments).
- Products and services offered (e.g., investment programs, back office services, technology, regulatory compliance assistance, research and analytic services).
- Financial strength, stability and responsibility.
- Reputation and integrity.
- Ability to maintain confidentiality.

We exercise reasonable due diligence to make certain that best execution is obtained for all clients when implementing any transaction by considering the back-office services, technology and pricing of services offered. We perform periodic reviews to determine that each custodian we use is still in the best interests of clients.

### **Soft Dollar**

Investment advisors may direct portfolio brokerage commissions to a particular broker/dealer in return for services and research used in making investment decisions in client accounts. The commissions used to acquire these services and research, are known as “soft dollars.” Section 28(e) of the *Securities Exchange Act of 1934* provides a “safe harbor” that allows an investment advisor to pay more than the lowest available commission for brokerage and research services if it determines in good faith that the commission paid was reasonable in relation to the brokerage and research services provided.

There are no “soft dollar” arrangements between Spicewood Oaks Advisors, Inc., and any of our custodial firms.

### **Handling of Trade Errors**

We have implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with our fiduciary duty, it is our policy to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client is responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client is made whole and we absorb any loss resulting from the trade error if we caused the error. If the error is caused by the broker/dealer, the broker/dealer is responsible for covering all trade error costs. If an investment gain results from the correcting trade, we do not benefit or profit from the trade error.

### **Block Trades**

We may elect to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading, or block trading, and may be used when we believe such action may prove advantageous to clients. If and when we aggregate client orders, allocating securities among client accounts is done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently. Under this procedure, transactions are averaged as to price and are allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. If and when we determine to aggregate client orders for the purchase or sale of securities, including securities in which our associated persons may invest, we do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* We do not receive any additional compensation or remuneration as a result of blocking trades.

## **Item 13 – Review of Accounts**

### **Account Reviews**

Unless you elect on-going financial services, financial planning services terminate upon presentation of the plan or completion of the consultations. We recommend that you have your financial situation reviewed and updated at least annually. If you elect to have this review and update, a new client agreement may be required and additional fees may be charged. Managed accounts are reviewed at least quarterly. Accounts at third-party money managers are reviewed at least quarterly, usually when statements are generated by the manager. Our investment advisor representatives each review their own accounts.

The calendar is the main triggering factor for review, although reviews may be conducted because of your request, a change in your circumstances, research reports, or unusual market activity. Absent your specific instructions, accounts are reviewed to see whether holdings and performance remain consistent with your goals and objectives.

### **Account Reports**

You are able to view your account positions on a website provided by each custodian. Each custodian provides a public website and log in instructions to you. You receive statements at least quarterly from the investment company, broker/dealer, clearing firm or money manager where your account is maintained. You can also request us to prepare a position report of your holdings at no extra charge.

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

We do not directly or indirectly compensate anyone for client referrals to us.

Please see **Item 5, Fees and Compensation, Item 10, Other Financial Industry Activities and Affiliations** and **Item 12, Brokerage Practices**, for additional discussion about solicitor/referral fees from third-party money managers, other compensation and non-economic benefits.

## **Item 15 – Custody**

Custody, as it applies to investment advisors, has been defined as having access or control over client funds and/or securities, but does **not** include the ability to execute transactions in client accounts. Custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody for purposes of the *Investment Advisers Act of 1940* and must ensure proper procedures are implemented. Please note that regulators have deemed the authorization to trade in client accounts to not be custody. However, we are deemed to have custody of client funds and securities whenever we are given the authority to have fees deducted directly from client accounts.

We have established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the creation of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from us. When clients have questions about their account statements, they should contact us or the qualified custodian preparing the statement.

## **Item 16 – Investment Discretion**

In addition to having trading authority on your accounts, we may implement trades in Envestnet Advisor Directed accounts on a discretionary basis. This means we make all decisions to buy, sell or hold securities, cash or other investments in the managed account in our sole discretion without consulting with you before implementing any transactions. You must provide us with written authorization to exercise this discretionary authority.

When discretionary authority is granted, we do not have access to your funds and/or securities with the exception of having advisory fees deducted from your account and paid to us by the account custodian. Any fee deduction is done pursuant to your prior written authorization provided to the account custodian. You have the ability to place reasonable restrictions on the types of investments that may be purchased in an account. You may also place reasonable limitations on the discretionary power granted to us so long as the limitations are specifically set forth or included as an attachment to the client agreement.

If management services are provided on a non-discretionary basis, we will contact you before implementing any transactions in an account. You must accept or reject our investment recommendations, including (1) the security being recommended, (2) the number of shares or units and (3) whether to buy or sell. Once these factors are agreed upon, we are responsible for making decisions regarding the timing of the purchase or sale and the price at which it is bought or sold. You should know that if you are not able to be reached or are slow to respond to our request, it can have an adverse impact on the timing of implementing trades and we may not achieve the optimal trading price.

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

We do not vote proxies on your behalf. You should read through the information provided with the proxy document and make a determination based on the information provided. In some instances, at your request, our investment advisor representatives may provide clarification of issues presented in the proxy materials. In addition, they may conduct additional research on proxy issues if they feel it is warranted. However, you are solely responsible for all proxy voting decisions.

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

This item is not applicable to our brochure. We do not require or solicit prepayment of more than \$1,200 in fees per client more than six months in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Finally, we have not been the subject of a bankruptcy petition at any time.

## Privacy Policy Statement

We are a registered investment advisor in the business of providing investment advisory services to customers. We are committed to safeguarding the confidential information of clients. We hold all personal information provided to us in the strictest confidence. Our associated persons may also be registered representatives of B.B. Graham & Company, a registered broker-dealer that is not affiliated with us. We may also have relationships with other non-affiliated investment advisor firms, insurance companies, trust companies, custodians and other financial institution entities. Except as required or permitted by law, we do not share confidential information about clients with non-affiliated third parties. In the unlikely event there were to be a change in this fundamental policy that would permit additional disclosures of confidential client information, we provide written notice to clients and clients are given an opportunity to direct whether such disclosure is permissible.

### AN IMPORTANT NOTICE CONCERNING CUSTOMER PRIVACY

**Customer Information Collected.** We collect and develop personal information about clients, and some of that information is non-public personal information ("Customer Information"). The essential purpose for collecting Customer Information is to provide and service the financial products and services clients obtain from us. The categories of Customer Information collected by us depend upon the scope of the engagement with us and are generally described below. As an investment advisor, we collect and develop Customer Information about clients in order to provide investment advisory services. Customer Information collected includes:

- Information received from clients on financial inventories through consultation with our associated persons. This Customer Information may include personal and household information such as income, spending habits, investment objectives, financial goals, statements of account and other records concerning clients' financial condition and assets, together with information concerning employee benefits and retirement plan interests, wills, trusts, mortgages and tax returns.
- Information developed as part of financial plans, analyses or investment advisory services.
- Information concerning investment advisory account transactions, such as wrap account transactions.
- Information about clients' financial products and services transactions with us.

**Data Security.** We restrict access to Customer Information to those associated persons who need the information to perform their job responsibilities within our firm. We maintain agreements, as well as physical, electronic and procedural securities measures, that comply with federal regulations to safeguard Customer Information about clients.

**Use and Disclosure of Customer Information to Provide Customer Service for Client Accounts.** To administer, manage and service customer accounts, process transactions and provide related services for client accounts, it is necessary for us to provide access to Customer Information within the firm and to non-affiliated companies such as other investment advisors, other broker-dealers, trust companies, custodians and insurance companies. We may also provide Customer Information outside of us as permitted by law, such as to government entities, consumer reporting agencies or other third parties in response to subpoenas.

**Former Clients.** If clients close an account with us, it will continue to operate in accordance with the principles stated in this notice.

**Requirements of Federal Law.** In November of 1999, Congress enacted the *Gramm-Leach-Bliley Act* ("GLBA"). The GLBA requires certain financial institutions, including broker-dealers and investment advisors, to protect the privacy of Customer Information. To the extent a financial institution discloses Customer Information to non-affiliated third parties, other than as permitted or required by law, customers must be given the opportunity and means to opt out (or prevent) such disclosure. Please note that



Spicewood Oaks Advisors, Inc., does not disclose Customer Information to non-affiliated third parties except as permitted or required by law (e.g., disclosures to service a client's account or to respond to subpoenas).