



Firm Brochure
(Part 2A of Form ADV)

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March 6, 2018

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This brochure provides information about the qualifications and business practices of Cargile Investment Management. If you have any questions about the contents of this brochure, please contact us at: 432-617-1394, or by email at Mickey@CargileInvestments.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

Additional information about Cargile Investment Management is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 Material Changes

Annual Update

The purpose of this Item 2 is to disclose material changes that have been made to this Brochure since the last annual update of this Brochure.

No material changes have been made to this Brochure since its last annual updated, dated March 2017.

Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: 432-617-1394 or by Email at Mickey@CargileInvestments.com.

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Item 4 Advisory Business

Firm Description

Cargile Investment Management, Inc. ("Cargile Investment Management") was founded in 1984.

Cargile Investment Management provides personalized confidential financial planning and investment management to individuals, pensions and profit sharing plans, trusts, estates, charitable organizations and small businesses. Advice is provided through consultation with the client and may include: determination of financial objectives, identification of financial problems, cash flow management, insurance review, investment management, education funding, retirement planning, and estate planning. Advice is provided on a fee basis.

The firm's investment adviser representatives may also be registered representatives of a FINRA broker dealer. In this capacity, these representatives may sell annuities, insurance, stocks, bonds, mutual funds, and/or other securities products for commissions. Cargile Investment Management does not compensate for client referrals.

Cargile Investment Management does not act as a custodian of client assets. The client always maintains asset control. Cargile Investment Management places trades for clients under a limited power of attorney.

Periodic reviews are communicated to provide reminders of the specific courses of action that need to be taken. We review your account frequently, but reviews are not necessarily communicated to the client unless immediate changes are recommended.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by the client on an as-needed basis. Conflicts of interest will be disclosed to the client.

The initial meeting, which may be by telephone, is free of charge and is considered an exploratory interview to determine the extent to which financial planning and investment management may be beneficial to the client.

Principal Owners

Mickey Cargile is 100% shareholder of the firm

Types of Advisory Services

Cargile Investment Management provides investment supervisory services, also known as asset management services, and furnishes investment advice through consultations.

On more than an occasional basis, Cargile Investment Management furnishes advice to clients on matters not involving securities, such as financial planning matters, taxation issues, and trust services that often include estate planning.

As of December 31, 2017, Cargile Investment Management manages approximately \$125,940,005 in assets for approximately 120 clients. All are managed on a discretionary basis.

Tailored Relationships

The goals and objectives for each client are documented in our client relationship management system. Investment policy statements are created that reflect the stated goals and objective. Clients may impose restrictions on investing in certain securities or types of securities. Agreements may not be assigned without client consent.

Types of Agreements

The following agreements define the typical client relationships.

Advisory Service Agreement

Most clients choose to have Cargile Investment Management manage their assets in order to obtain ongoing in-depth advice. Certain aspects of the client's financial affairs are reviewed, including those of their children. Realistic and measurable goals are set and objectives to reach those goals are defined. As goals and objectives change over time, suggestions are made and implemented on an ongoing basis.

The scope of work and fee for an Advisory Service Agreement is provided to the client in writing prior to the start of the relationship.

Although the Advisory Service Agreement is an ongoing agreement and constant adjustments are required, the length of service to the client is at the client's discretion. The client or the investment manager may terminate an Agreement by written notice to the other party. At termination, fees will be billed on a pro rata basis for the portion of the quarter completed. The portfolio value at termination is used as the basis for the final fee computation, adjusted for the number of days during the billing quarter prior to termination.

Asset Management Agreement

Assets are invested no-load or load-waived mutual funds and exchange-traded funds. Fund companies charge each fund shareholder an investment management fee that is disclosed in the fund prospectus.

Stocks, bonds, exchange-traded funds (ETF) and mutual funds may be purchased or sold through a brokerage account when appropriate. The brokerage firm charges a fee for stock and bond transactions. Investment adviser representatives of Cargile Investment Management, in their capacity as registered representatives of the FINRA broker-dealer, may receive commission compensation for services including but not limited to 12B-1 fees, that are separate and in addition to the fee you pay for investment advisory services.

Investments may also include: equities (stocks), warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities (variable life insurance, variable annuities, and mutual funds shares), U. S. government securities, options contracts, futures contracts, and interests in partnerships.

Initial public offerings (IPOs) are not available through Cargile Investment Management.

Financial Planning Agreement

A financial plan is designed to help the client with all aspects of financial planning without ongoing investment management after the financial plan is completed.

The financial plan may include, but is not limited to: a net worth statement; a cash flow statement; a review of investment accounts, including reviewing asset allocation and providing repositioning recommendations; strategic tax planning; a review of retirement accounts and plans including recommendations; a review of insurance policies and recommendations for changes, if necessary; one or more retirement scenarios; estate planning review and recommendations; and education planning with funding recommendations.

Detailed investment advice and specific recommendations are provided as part of a financial plan. Implementation of the recommendations is at the discretion of the client.

Hourly Planning Engagements

Cargile Investment Management provides hourly planning services for clients who need advice on a limited scope of work.

Item 5 Fees and Compensation

Description

Cargile Investment Management bases its fees on a percentage of assets under management, and in some cases, hourly charges and/or a flat fee.

Financial plans are priced according to the degree of complexity associated with the client's situation.

Fees are negotiable.

Fee Billing

Investment management fees are billed quarterly, in arrears. We invoice you after the three-month billing period has ended. Payment in full is expected upon invoice presentation. Fees are usually deducted from a designated client account to facilitate billing. The client must consent in advance to direct debiting of their investment account.

The annual Advisory Service Agreement fee is based on a percentage of the investable assets. The fee ranges from 0.25% to 2.0% based on the advisors decision as to the complexity of the relationship and assets to be managed. The minimum annual fee is \$1,500.00. Fees are negotiable and minimums may be waived at the sole discretion of the advisor.

Our fees are priced at the advisor's discretion based on the advisor's understanding of the complexity and size of the account to be managed. Portfolios are customized for our clients, and you may pay more or less than another client.

Other Fees

Custodians may charge transaction fees on purchases of securities. These transaction charges are usually small and incidental to the purchase or sale of a security.

Expense Ratios

Mutual funds generally charge a management fee for their services as investment managers. The management fee is called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company charges 0.5% for their services. These fees are in addition to the fees paid by you to Cargile Investment Management.

Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted.

Financial Planning Agreement

The fee for a financial plan is predicated upon the facts known at the start of the engagement. The minimum fee is \$2,500 and is negotiable. Financial planning is a discovery process, and situations occur wherein the client is unaware of certain financial exposures and/or issues.

In the event that the client's situation is substantially different than disclosed at the initial meeting, a revised fee will be provided for mutual agreement. The client must approve the change of scope in advance of the additional work being performed when a fee increase is necessary.

After delivery of a financial plan, future face-to-face meetings are scheduled as necessary for up to one month. Follow-on implementation work is billed separately at the rate of \$400.00 per hour.

Hourly Planning Engagements

The hourly rate for limited scope engagements is \$400.00.

Past-Due Accounts and Termination of Agreement

A Client may terminate any of the aforementioned agreements at any time by notifying Cargile Investment Management in writing and paying the rate for the time spent on the investment advisory engagement prior to notification of termination. Cargile Investment Management does not accept advance payments.

Cargile Investment Management may terminate any of the aforementioned agreements at any time by notifying the client in writing. Cargile Investment Management does not accept advance payments.

Cargile Investment Management reserves the right to stop work on any account that is more than 30 days overdue. In addition, Cargile Investment Management reserves the right to terminate any agreement where a client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate, in Cargile Investment Management's judgment, to providing proper financial advice.

Item 6 Performance-Based Fees

Sharing of Capital Gains

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

Cargile Investment Management does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

Item 7 Types of Clients

Description

Cargile Investment Management generally provides investment advice to individuals, pension and profit sharing plans, trusts, estates, or charitable organizations, corporations, and all business entities.

Client relationships vary in scope and length of service.

Account Minimums

The minimum annual account fee is \$1,500.00. The minimum may be waived at the advisor's sole discretion.

Cargile Investment Management retains the discretion to waive the account minimum. Smaller accounts may be established when the client and the advisor anticipate the client will add additional funds to the account(s). Other exceptions will apply to employees of Cargile Investment Management and their relatives, or relatives of existing clients.

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

Methods of Analysis

Security analysis methods may include charting, fundamental analysis, technical analysis, and cyclical analysis.

The main sources of information include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

Other sources of information that Cargile Investment Management may use include Morningstar Principia mutual fund information, Advisor Intelligence, and the World Wide Web.

Investment Strategies

The primary investment strategy used on client accounts is strategic asset allocation utilizing a core and satellite approach. This means that we use passively-managed index and exchange-traded funds as the core investments, and then add actively-managed funds where there are greater opportunities to make a difference. Portfolios are globally diversified to control the risk associated with traditional markets.

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. Each new client executes an Investment Policy Statement that documents their objectives and their desired investment strategy.

Other strategies may include long-term purchases, short-term purchases, trading, short sales, margin transactions, and option writing (including covered options, uncovered options or spreading strategies).

Risk of Loss

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Item 9 Disciplinary Information

Legal and Disciplinary

The firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

Item 10 Other Financial Industry Activities and Affiliations

Financial Industry Activities

Cargile Investment Management is NOT registered as a securities broker-dealer, or a futures commission merchant, commodity pool operator or commodity trading advisor.

Affiliations

Mickey Cargile is separately registered as a registered representative with Ceros Financial Services, a FINRA broker/dealer. Clients please note that Mickey may receive additional compensation in the form of commissions including 12B-1 fees as a result of clients' transactions. These commissions are in addition to any advisory fee paid and are disclosed by prospectus and or trade confirmation.

Cargile Investment Management is registered as an insurance brokerage agency and many of its representatives are licensed as insurance agents. If a client purchases insurance through a representative of the advisor, the advisor and the representative will receive commissions on said purchase.

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

Code of Ethics

The employees of Cargile Investment Management have committed to a Code of Ethics that is available for review by clients and prospective clients upon request. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

Participation or Interest in Client Transactions

Cargile Investment Management and its employees may buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades. Employees comply with the provisions of the Cargile Investment Management *Compliance Manual*.

Personal Trading

The Chief Compliance Officer of Cargile Investment Management is Mickey Cargile. He reviews all employee trades each quarter. His/her trades are reviewed by Ceros Financial Services. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of the firm receive preferential treatment. Since most employee trades are small mutual fund trades or exchange-traded fund trades, the trades do not affect the securities markets.

Item 12 Brokerage Practices

Selecting Brokerage Firms

As stated above, Mickey Cargile is a registered representative of the broker/dealer, Ceros Financial Services, who provides clearing services through NFS. Cargile Investment Management requires that client transactions be placed through Ceros Financial Services, and recommends National Financial Services (NFS) as qualified custodian. Not all advisers require their clients to direct brokerage, and by directing brokerage to Ceros Financial Services, we may be unable to achieve the most favorable execution of client transactions, which may cost clients more money.

As stated above, Mickey Cargile's registered representative affiliation with Ceros Financial Services creates a conflict of interest as Mr. Cargile may receive brokerage commissions on securities transactions placed for advisory clients.

Best Execution

Cargile Investment Management reviews the execution of trades at each custodian each quarter. The review is documented as required by the Cargile Investment Management *Compliance Manual*. Trading fees charged by the custodians are also reviewed on a quarterly basis.

Soft Dollars

Cargile Investment Management does not receive soft-dollars.

Order Aggregation

Most trades are mutual funds or exchange-traded funds where trade aggregation does not garner any client benefit. We may aggregate trades at our discretion. Aggregated trades are allocated at an average price to all clients subject to the aggregation.

Item 13 Review of Accounts

Periodic Reviews

Account reviews are performed quarterly by President/Chief Compliance Officer Mickey Cargile, and by the Senior Portfolio Manager. Account reviews are performed more frequently when market conditions dictate, as well as when requested by the client.

Review Triggers

Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's situation.

Regular Reports

Accounts are reviewed considering the client's current security positions and the potential that the performance of each security will contribute to the investment objectives of the client.

Clients receive periodic communications, and receive monthly brokerage statements directly from the clearing firm and confirmation of trades directly from the clearing firm.

Item 14 Client Referrals and Other Compensation

Incoming Referrals

Cargile Investment Management has been fortunate to receive many client referrals over the years. The referrals came from current clients, bankers, estate planning attorneys, accountants, employees, personal friends of employees and other similar sources. The firm does not compensate referring parties for these referrals.

Referrals Out

Cargile Investment Management does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

Item 15 Custody

Account Statements

All assets are held at qualified custodians. The custodian provides no less than quarterly account statements directly to clients at their address of record.

Fee Deductions

Cargile Investment Management is deemed to have custody of client assets solely because it deducts advisory fees from client accounts. Other than these client-authorized fee deductions, the firm does not maintain or accept custody of client funds or securities.

Performance Reports

Clients are urged to compare the account statements received directly from their custodians to the performance report statements provided by Cargile Investment Management.

Item 16 Investment Discretion

Discretionary Authority for Trading

Cargile Investment Management accepts discretionary authority to manage securities accounts on behalf of clients. Cargile Investment Management has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. Cargile Investment Management will consult with a client prior to each trade to obtain concurrence if discretionary authority has not been granted.

The client approves the custodian to be used and the commission rates paid to the custodian.

Discretionary trading authority facilitates placing trades in your accounts on your behalf so that we may implement and maintain the investment policy that you have approved in writing.

Limited Power of Attorney

A limited power of attorney is a trading authorization for this purpose. You sign a limited power of attorney so that we may execute the trades that you have approved.

Item 17 Voting Client Securities

Proxy Votes

Cargile Investment Management does not vote proxies on securities. Clients are expected to vote their own proxies.

When assistance on voting proxies is requested, Cargile Investment Management will provide advice. Clients to vote "abstain". If a conflict of interest exists, it will be disclosed to the Client.

Item 18 Financial Information

Financial Condition

Cargile Investment Management does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

A balance sheet is not required to be provided because Cargile Investment Management does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$1,200 per client, and six months or more in advance.

Item 19 Business Continuity Plan

General

Cargile Investment Management has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people.

Disasters

The Business Continuity Plan covers natural disasters such as snow storms, hurricanes, tornadoes, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, T-1 communications line outage, Internet outage, railway accident and aircraft accident. Electronic files are backed up daily and archived offsite.

Alternate Offices

Alternate offices are identified to support ongoing operations in the event the main office is unavailable. It is our intention to contact all clients within five days of a disaster that dictates moving our office to an alternate location.

Loss of Key Personnel

Cargile Investment Management maintains a Business Continuation plan that addresses the loss of key personnel including Mickey Cargile.

Item 20 Information Security Program

Information Security

Cargile Investment Management maintains an information security program to reduce the risk that your personal and confidential information may be breached.

Privacy Notice

Cargile Investment Management is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us.

The categories of nonpublic information that we collect from you may include information about your personal finances, information about your health to the extent that it is needed for the financial planning process, information about transactions between you and third parties, and information from consumer reporting agencies, e.g., credit reports. We use this information to help you meet your personal financial goals.

With your permission, but only with your permission, we may disclose limited information to attorneys, accountants, and mortgage lenders with whom you have established a relationship. You may opt out from our sharing information with these nonaffiliated third parties by notifying us at any time by telephone at 432-617-1394, mail, fax 432-570-8117, email Mickey@CargileInvestments.com or in person. With your permission, we share a limited amount of information about you with your brokerage firm in order to execute securities transactions on your behalf.

We maintain a secure office to ensure that your information is not placed at unreasonable risk. We employ a firewall barrier, secure data encryption techniques and authentication procedures in our computer environment.

We do not provide your personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors.

Federal and state securities regulators may review our Company records and your personal records as permitted by law.

Personally identifiable information about you will be maintained while you are a client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

We will notify you in advance if our privacy policy is expected to change. We are required by law to deliver this *Privacy Notice* to you annually, in writing.