Part 2A of Form ADV: Firm Brochure

Item 1 Cover Page

KERCHEVILLE ADVISORS LLC

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SAN ANTONIO, TX 78249
210-694-5000 IARD#169471

This brochure provides information about the qualifications and business practices of Kercheville Advisors LLC. It is prepared pursuant to regulatory requirements. If you have any questions about the contents of this brochure, please contact us at the phone number listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Our registration as an Investment Adviser does not imply any level of skill or training. Additional information about Kercheville Advisors LLC. is also available on the SEC's website at www.adviserinfo.sec.gov.

Dated: February 21, 2024

Item 2 Material Changes

This Form ADV, Part 2, also known as the “Brochure”, requires disclosure on distinct topics, and answers must be presented in the order of the items in the form, using the headings in the form. We urge you to carefully review all subsequent summaries of material changes, as they will contain important information about any significant changes to our advisory services, fee structure, business practices, conflicts of interest, and disciplinary history.

There are no material changes in this brochure from the last annual updating amendment on 02/15/2023 of Kercheville Advisors LLC. Material changes relate to Kercheville Advisors LLC’s policies, practices or conflicts of interests.

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Item 4 Advisory Business

INTRODUCTION

Kercheville Advisors LLC is a Registered Investment Advisory firm since November 2013. Our registration as an Investment Adviser does not imply any level of skill or training. The oral and written communications we provide you, including this Brochure, is information you can use to evaluate us and other advisers, which are factors in your decision to hire us or to continue to maintain a mutually beneficial relationship. This Brochure provides information about our qualifications and business practices.

OWNERSHIP

Kercheville Advisors LLC was formed as a limited liability company in August 2013 and is headquartered in San Antonio, Texas. Joe B. Kercheville, President, is the sole member of the firm.

ADVISORY SERVICES OFFERED

We provide the following services to our clients:

- Portfolio Management on a Discretionary & Non-Discretionary basis
- Financial Planning Services
- Pension Consulting Services

Our services are tailored to you through customized investment processes that address your specific goals, objectives, risk tolerance and preferences. Specific investments recommended will depend on these factors.

Types of Investments

We offer and provide advice and guidance on any financial product deemed appropriate as a means to address the Client's individual needs, goals and objectives. We also offer advice on securities and investments maintained in the Client's portfolio at the time the client engages us for service.

We do not participate in any wrap fee programs.

PORTFOLIO MANAGEMENT SERVICES

We provide portfolio management services on a discretionary and non-discretionary basis. Our portfolio management program is designed to provide you with the appropriate asset allocation, diversification, and risk characteristics consistent with prudent portfolio management.

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

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

FINANCIAL PLANNING AND CONSULTING SERVICES

We provide advice in the form of a standard financial plan based on your financial situation and stated financial goals and objectives. Our Financial Plans will address any or all of the following areas of concern:

Personal: Family records, budgeting, personal liability, estate information and financial goals.

Tax & Cash Flow: Income tax and spending analysis and planning for past, current, and future years. We will illustrate the impact of various investments on your current income tax and future tax liability.

Death & Disability: Cash needs at death, income needs of surviving dependents, estate planning and disability income analysis.

Retirement: Analysis of your current strategies and investment plans to help you achieve your retirement goals.

Investments: Analysis of investment alternatives and their effect on your portfolio.

You can also receive investment advice on a more limited basis. This can include advice on only an isolated area(s) of concern such as estate planning, retirement planning, or any other specific topic. We provide specific consultation services regarding your current or projected financial position or other investment and financial concerns that you may have.

RETIRMENT PLAN CONSULTING SERVICES

We will provide retirement plan consulting services to employee benefit plans, which includes 401(k) plans and their fiduciaries based upon an analysis of the needs of the plan. In general, these services can include an existing plan review, asset allocation advice, money management services, communication, and education services where we will assist the plan sponsor in providing meaningful information regarding the retirement plan to its participants, investment performance monitoring, and/or ongoing consulting. We may have agreements with Third Party Administrators to provide these services as part of the Third-Party Administrator's agreement with the plan. In these instances, the Third-Party Administrator would pay a portion of the fee charged to the plan to us for their services. In other instances, we may be introduced to a plan through a Third-Party Administrator and will provide service directly to the plan.

ASSETS UNDER MANAGEMENT: As of December 31, 2023, Kercheville, Advisors, LLC has approximately $356,141,602.00 in discretionary and $38,421,497.00 in non-discretionary assets under management for a total of $394,563,099.00 in assets under management.

Item 5 – Fees and Compensation

PORTFOLIO MANAGEMENT PROGRAM FEE SCHEDULE

Account Balances	Annual Charge
$0 to $250,000	2.00%
$250,001 - $500,000	1.50%
$500,001 - $1,000,000	1.25%
Over $1,000,001	1.00%

We have a minimum managed account size of $250,000; however, our account minimum and fees charged are negotiable in situations deemed appropriate by us in our sole discretion.

The annual asset-based fee is paid quarterly in advance. When an account is opened, the asset-based fee may be billed for the remainder of the current billing period on a pro rata daily basis and is based on the initial contribution and remaining days in the quarter. Thereafter, the quarterly asset-based fee is paid in advance based on the account asset value on the last business day of the previous calendar quarter.

In the event that an additional deposit is made to an advisor account during a billing period after the fee calculation, the advisor in their sole discretion may recalculate the advisory fees charged for that billing period and process a second advisory fee charge on a pro-rata basis, in arrears, on the additional deposits.

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

(1) Fees will be directly deducted from your account at the custodian quarterly. We will send the qualified custodian notice of the amount of the fee to be deducted from your account.

    The custodian will send to you a monthly account statement that shows the amount of our advisory fee. We will verify that the custodian sends Account statements at least on a quarterly basis.

(2) Fees will be directly invoiced on a quarterly basis, and it will be payable within five days of the due date.

Additional Types of Fees or Expenses:

You are hereby advised that all fees paid to us for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. Further, there are transaction charges involved with purchasing or selling of securities. We do not share in any portion of the brokerage fees/transaction charges imposed by the custodian holding the client funds or securities. You should review all fees charged by mutual funds, us, and others to fully understand the total amount of fees to be paid by you.

Termination:

Either party can terminate the Client Services Agreement at any time and for any reason, upon thirty (30) days written notice to the other party. Refunds or any pre-paid fees are given on a prorated basis, based on the number of days remaining in a quarter at the point of termination.

Upon notice of termination, we will await further instructions from you as to what steps you request to liquidate and/or transfer the portfolio and remit the proceeds. Upon instructions received, we will instruct broker dealers, and others to liquidate and/or transfer the portfolio and remit proceeds back to you or a designated third party. If no specific instructions are given, we shall honor our basic fiduciary responsibility to preserve capital.

FINANCIAL PLANNING AND RETIREMENT PLAN FEE SCHEDULE

Our financial planning and consulting fees depend on the scope, complexity, and work performed by our Firm. Financial planning and consulting fees are charged through a fixed fee or an hourly rate. Fixed fees vary and do not exceed $3,000 per plan and hourly rates also vary and do not exceed $250 per hour. Fees depend upon the degree to which specialized knowledge and experience must be used and the complexity of the plan. Prior to any engagement, we will state the fixed fee or hourly rate to be used and make an estimate of the amount of time necessary to complete the analysis. We can modify the estimate if you

subsequently change the scope or nature of the analysis. Our financial planning fee does not include taxes, preparation of legal documents, or any costs associated with investments (i.e., surrender charges, sales charges, administration fees, etc.).

One half of the Fee is due and payable upon execution of the Client Services Agreement by the Client with the balance due and payable immediately upon receipt of the Financial Plan.

Termination: The Client Services Agreement shall remain in effect until terminated in writing by either party. Upon termination of the Client Services Agreement, we will have no obligation to take any action with regard to your account(s). The client remains responsible for all work performed by us up to the termination date and at the end of such notice period, the client must pay any balance due or receive a refund of any amounts paid by the client minus any expenses incurred by us.

PENSION CONSULTING SERVICES FEE SCHEDULE

The compensation arrangement for these services will be based on the same provisions as disclosed above in the portfolio management section and will not exceed 2% of assets under management. Our advisory fees for these customized services will be negotiated with the plan sponsor or named fiduciary on a case by case basis. The exact fee will be specified in the advisory contract. Depending on the arrangements made at the time of the engagement, the fees can either be paid in advance or quarterly in arrears.

Additional Types of Fees or Expenses:

Our fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the Client. Clients will incur certain charges imposed by your custodian, brokers, third party managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic funds and exchanged traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to our Fees and neither our firm nor our advisory agents shall receive any portion of these commissions, fees and costs.

Other Compensation Received by our Advisory Agents:

Some Advisory Agents of the Firm are licensed insurance agents for AKE Insurance Services, Inc., an affiliated insurance company. If you elect to implement the plan or buy insurance through the Firm's advisory agents, they receive a commission from insurance sales, which includes life, accident, disability, and fixed annuities. This presents a conflict of interest to the extent that the advisory agent recommends the purchase of an insurance product to you which results in a commission being paid to the advisory agent as an insurance agent. We will seek out the products of any company, agency or brokerage that have products fitting your needs. You are under no obligation to purchase insurance products through our affiliated company.

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

Our fees will not be based upon a share of capital gains or capital appreciation (growth) of any portion of managed funds, also known as "performance-based fees." Performance-based compensation creates an incentive for a firm or their representatives to recommend an investment that carries a higher degree of risk to a client. We do not use a performance-based fee structure because of the conflict of interest this type of fee structure poses.

Our fees will not be based on side-by-side management, which refers to a firm simultaneously managing accounts that do pay performance-based fees (such as a hedge fund) and those that do not; this type of arrangement and the conflict of interest it poses do not conform to our firm's practices.

Item 7 – Types of Clients

Client Base:

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

Conditions for Account Management:

We have imposed a minimum account size of $250,000 in assets to be managed by us. We will aggregate related accounts in the same household to meet account minimums. We can make exceptions to this minimum from time to time based on individual factors.

We reserve the right to negotiate the financial planning and consulting fees.

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

Methods of Analysis & Investment Strategies:

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

- discussion regarding your objectives
- review of existing holdings
- ongoing analysis of investments
- advice on best direction for new investments
- regular monitoring of recommended investments and yearly review

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

We generally employ fundamental and technical analysis which involves evaluating economic factors including interest rates, the current state of the economy, or the future growth of an industry sector. In addition to our own research, the firm's recommendations may also be drawn from research sources that include financial publications, inspections of corporate activities, materials from outside sources, consultation with other financial professionals, annual reports, prospectuses, and other regulatory filings. Our expertise as a Firm is equity stock picking. We do internal, fundamental research on Companies in our investment universe. We meet with management, confer with other analysts, listen to quarterly conference calls, and perform internal due diligence. We prefer to use individual stocks instead of Exchanged Trade Funds (ETFs) or Open-End Mutual Funds for the equity portion of our portfolios. First, we believe individual equities are more tax efficient in the long run than ETFs and Open-End Mutual Funds. Second, we hope to provide alpha through our investment process and research. Non-equity investments are usually done through ETFs, Open and Closed End Mutual Funds, and Individual Bonds.

We make asset allocation and investment policy decisions based on the above-noted elements and any other reasonable requirements you prescribe. We will discuss with you how, in our best judgment, to meet your objectives while at the same time employing prudent risk management.

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

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

We do not represent, warrant, or imply that the services or methods of analysis employed by us can or will predict future results. Past performance is not necessarily indicative of future results. Clients should make every effort to understand the risks involved.

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

General Risks: Investments with us are not a deposit of a bank and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Accordingly, you can lose money by investing with us. When investments are sold, they can be worth less than the initial amount paid because the value of investments will fluctuate reflecting day-to-day changes in market conditions, interest rates and a number of other factors.

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

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

Focused and Concentrated Portfolio Risks: Investing your assets in a smaller number of securities than other broadly diversified investment strategies. This approach is often referred to as "focused, concentrated, or non-diversified". Accordingly, the money managed can have more volatility and is often considered to have more risk than a strategy that invests in a greater number of securities because changes in the value of a single security can have a more significant effect, either negative or positive, on your overall portfolio value. To the extent we invest assets in fewer securities or investing in non-diversified funds that take a focused or concentrated approach, these assets are subject to greater risk of loss if any of those securities become permanently impaired. You can place a restriction on this type of portfolio construction at any time during your relationship with us.

Equity Risk: Investments will be subjected to the risk that stock prices can fall over short or extended periods of time. Historically, the equity markets have moved in cycles, and the value of equity securities in any portfolio can fluctuate drastically from day to day. Individual companies can report poor results or be negatively affected by industry and/or economic trends and developments. The prices of securities issued

by such companies can suffer a decline in response. These factors will contribute to the volatility and risk of your assets.

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

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

Foreign Securities Risk: A percentage of your assets can be composed of foreign investments. Foreign investments involve greater risk in comparison to domestic investments because foreign companies/securities: can have different auditing, accounting, and financial reporting standards; may not be subject to the same degree of regulation as U.S. companies and can have less publicly available information than U.S. companies; and are often denominated in a currency other than the U.S. dollar. As with any type of security you can place limits on the % of foreign assets you wish to hold or can restrict this asset class altogether.

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

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

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

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

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

Prepayment Risk: Investments can be subject to prepayment risk. Prepayment risk occurs when the issuer of a security can repay principal prior to the security's maturity. Securities subject to prepayment can offer less potential for gains during a declining interest rate environment and similar or greater potential for

loss in a rising interest rate environment. In addition, the potential impact of prepayment features on the price of a security can be difficult to predict and result in greater volatility.

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

Liquidity Risk: Liquidity risk exists when particular investments have light trading volume and can be difficult to trade, possibly preventing us from selling out of these illiquid securities at an advantageous price.

Item 9 – Disciplinary Information

Registered Investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of our firm or the integrity of our management.

Our Firm does not have any material facts about legal or disciplinary events that are material to your evaluation of the integrity of our firm or its financial planners to disclose. Your confidence and trust placed in our Firm and its financial planners is something we value and endeavor to protect.

Item 10 – Other Financial Industry Activities and Affiliations

We are not currently engaged in any business activities other than giving financial and investment advice.

We have no material arrangements or affiliations with any investment company, financial planning firm, banking institution, thrift institution, accounting firm, law firm, insurance agency, pension consultant, real estate broker, or any other organization or entity that has not been disclosed in this brochure.

Insurance Company Affiliation:

Some Advisory Agents of the Firm are also licensed insurance agents for AKE Insurance Services, Inc., an affiliated insurance company. If you elect to implement the plan or buy insurance through the Firm's advisory agents, the insurance agent may receive a commission from the insurance sales, which includes life, accident, disability, and fixed annuities. This presents a conflict of interest to the extent that the advisory agent recommends the purchase of an insurance product to you which results in a commission being paid to the advisory agent as an insurance agent. We will seek out the products of any company, agency or brokerage that have products fitting your needs. You are under no obligation to purchase insurance products through our affiliated company.

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

Code of Ethics:

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

Participation or Interest in Client Transactions / Personal Trading:

Advisory agents of the Firm will buy or sell for themselves securities that they also recommend to you. Transactions for associated person of the advisor may be executed independent of transactions executed inside of our managed client portfolios. Processing transactions outside of the firm's managed account processes may result in an associated person of the advisor receiving better execution prices than our managed accounts. In all instances, the transactions may be so small they would have no impact on the pricing or performance of the security. We do everything possible to mitigate these conflicts and put the interest of our clients first however due to the intricate due diligence processes conducted by the firm it is possible that an associated person may decide to make their personal investment before the firm completes its due diligence processes and include a particular investment into suitable client portfolios. This delay in making the decision to include various investment options into our managed account portfolios may result in an associated person receiving a more favorable execution price on their personal transaction than our advisory clients receive on transactions in managed accounts. Associated persons may also place personal trades in securities that do not get included in our client portfolios. Records of all advisory agent's proprietary trading activities are reviewed and kept by us. We and our advisory agents will act in a fiduciary manner, understand the prohibitions against the use of any insider information and will always act in your best interest. We have established policies and procedures on compliance with insider trading that are distributed to all associated persons and employees of our Firm. The procedures include provisions for defining "insider" material, monitoring associated persons and employee securities accounts, restricting access to affiliates sensitive material and restrictions on trading.

Item 12 – Brokerage Practices

Brokerage Selection:

When we are granted sole discretionary authority over your account(s) we determine the securities to be bought or sold, their amounts, and the broker to be used, without specific consultation with you as deemed to be in your best interest and to achieve your stated investment objectives.

We utilize Pershing Advisor Solutions, LLC, a division of Pershing, LLC, member FINRA/SIPC, as the broker dealer for the execution of securities transactions and the qualified custodian and clearing firm of your accounts. Custody of your accounts for both securities and funds will be maintained at a qualified custodian and clearing firm.

Factors considered by us and our sub-advisors in selecting brokers are: (i) execution capabilities, (ii) commission rates, (iii) responsiveness and financial responsibility, and (iv) other services which will help us or our sub-advisors to provide investment supervisory services to our clients.

We understand and acknowledge that at all times we owe a fiduciary duty to you to obtain best execution for your transactions. We believe that the relationship of these various broker-dealers with us or our subadvisors helps to execute securities transactions for you in such a manner that your total cost in each transaction is as favorable as possible under prevailing market conditions. However, accounts with a full service broker/dealer, cannot obtain best execution at all times. The commissions and/or transactional fees charged by these broker-dealers to you can be higher or lower than those charged by another broker/dealer. You are under no obligation to utilize the broker-dealers that we recommend or suggest for your account.

Brokerage for Client Referrals:

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

Directed Brokerage:

If you want to direct us to use a particular broker dealer to handle security transactions, then you are responsible for the custodian fee arrangement. You should understand that this might prevent us from effectively negotiating brokerage compensation or obtaining the most favorable net price and execution. When directing brokerage business, you should consider whether the commission expenses, execution, clearance, and settlement capabilities that you will obtain through another broker dealer are adequately favorable in comparison to those that our Firm would otherwise obtain for you. You can also elect a custodian (bank or broker) from a range of choices that we have. We encourage you to discuss available alternatives with our advisory agents.

Research and other Soft Dollar Benefits:

Trades can be done with brokers who are selected on the basis of research products or services. These are used for the benefit of all clients and are not necessarily used exclusively by the account for which the transaction was made. The types of products and services can include software and technology which provide access to Client account data; trade confirmations and account statements; facilitate trade execution and asset allocation of multiple Client accounts; provide research, pricing and general market data; assist in the payment of our fee from the Client account; and assist with other back-office functions. Brokerage firms can also provide publications, consulting, information technology, practice management conferences and marketing and regulatory compliance. You are not charged for these services and the information received is be used to benefit all clients of our Firm.

Trade Aggregation:

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 is used by our firm when Kercheville Advisors LLC believes such an 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. Allocations will be made each day. If the block trade takes more than one day, Kercheville Advisors LLC will make the best efforts to ensure one account is not favored over another, but clients may receive different prices on different days. Our process of individual portfolio management may lead to trades in some stocks being completed on different days at different prices.

Kercheville Advisors LLC uses the pro rata method for transaction allocation. Under this procedure, pro rata trade allocation means an allocation of a trade at issue among suitable advisory clients in amounts that are proportional to the participating advisory client's intended investable assets. Kercheville Advisors LLC will calculate the pro rata share of each transaction included in a block order and assigns the appropriate number of shares of each allocated transaction executed for the client's account.

If and when we determine to aggregate client orders for the purchase or sale of securities, including securities in which Kercheville Advisors LLC or our associated persons may invest, we will do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* Neither we nor our associated persons receive any additional compensation as a result of block trades.

Item 13 – Review of Accounts

Account reviews will be provided on a semi-annual basis or by request by the client. More frequent reviews may be warranted due to tax law changes, market changes, market conditions or changes in personal circumstances. Reviews initiated by you can be for personal objectives or for any reason you so desire. The accounts are reviewed for including, but not limited to, continued suitability, comfort level, risk tolerance relative to returns, and appropriateness. The reviews will be conducted by Jeffrey S. Dabbs, Chief Compliance Officer and Joe B. Kercheville, President.

Statements, confirmations and/or performance reports are furnished monthly or quarterly from various financial services institutions/firms with which you transact business. These forms can include, and are not limited to, brokerages, investment companies, insurance companies, trust companies, other registered investment advisors, banks and credit unions. You will receive account statements from these entities and not our Firm. The monthly account statements from the custodian indicate activity, previous portfolio balances, current portfolio balances, and account summary.

While portfolio's structure is generally consistent across the firm, each Advisor has discretion over their client's assets so timing of trades and portfolios makeup may vary. Therefore, performance may vary from client to client.

Item 14 – Client Referrals and Other Compensation

Client Referrals:

We do not compensate any person or entity for referring business to us. We may provide referrals to various professionals, such as an attorney or insurance agent. We do not have an agreement with these professionals for these informal referrals and we do not receive any compensation from these professionals when our clients engage a recommended service provider. All compensation paid to our firm is paid directly by our clients through our advisory services fees.

Other Compensation:

We do not receive an economic benefit from a non-client for providing investment advice or advisory services to you.

We try at all times to put the interest of you first as part of our fiduciary duty.

Item 15 – Custody

Under government regulations, we are deemed to have custody of your assets when you authorize us to instruct your custodian to deduct our advisory fees directly from your account. We do not maintain physical custody of your accounts nor are we authorized to hold or receive any stock, bond or other security or investment certificate or cash that is part of your account. Your funds and securities will be physically

maintained with a “qualified custodian” as required under Rule 206(4)-2 under the Investment Adviser Act. Your accounts for both securities and funds will be maintained at a designated custodian and clearing firm.

Account statements are sent directly to clients from their respective custodian. Clients should carefully review those statements and compare them to any reports or statements provided by us.

Item 16 – Investment Discretion

When you grant us sole and absolute discretion in the management of your portfolio and periodic rebalancing to the asset class target percentages as outlined in your Advisory Agreement except with respect to payment of the Firm's Fees. In the exercise of this authority, we are fully authorized and empowered to place orders to brokers, dealers, mutual funds, or other persons with respect to the purchase, sale, exchange, disposition or liquidation of any assets held in your portfolio.

When selecting securities and determining amounts, we observe the investment policies, limitations, and restrictions of the clients for which we advise. Investment guidelines and restrictions must be provided to us in writing.

Item 17 – Voting Client Securities

We do not vote client’s proxies. Clients retain the responsibility for receiving and voting proxies and providing direction on corporate actions for any and all securities maintained in client portfolios. You can contact our office at 210-694-5000 for any questions about this or any other matter.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about our financial condition. We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients, and we have not been the subject of a bankruptcy proceeding. We do not require or solicit prepayment of more than $1,200 in fees per client, six months or more in advance.