

## Part 2A of Form ADV: Firm Brochure

### Item 1 Cover Page

# Walnut Investment Services LLC

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This brochure provides information about the qualifications and business practices of Walnut Investment Services LLC – a Registered Investment Advisor (please note that registration does not imply a certain level of skill or training). If you have any questions about the contents of this brochure, please contact us at (718) 788-1972 and or [manager@walnutfund.com](mailto:manager@walnutfund.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.

## **Item 2 Material Changes**

As of the date of this Firm Brochure, there have been no material changes since the last annual updating amendment. However, clients and prospective clients should review the entire Firm Brochure carefully.

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## **Item 4 Advisory Business**

Walnut Investment Services, LLC has been incorporated since March 2000 and has been registered with the State of New York as investment advisors since March of 2001.

The managers of Walnut Investment Services, LLC and the only persons giving client advice are Harvey M Kraus and Mark Blinderman. Mr. Kraus, born in 1951, graduated from Brooklyn College in 1976 with a Bachelor's degree in accounting and for the past 35 years has run his own accounting practice. He earned his Series 65 license (Registered Investment Advisor) in November of 2000. He is also an Enrolled Agent with the IRS. Harvey resides in Morganville, New Jersey. Mr. Blinderman was born in 1963. Graduate of Bernard M. Baruch College, he holds a Bachelor's degree in International Economics. He earned his Registered Investment Advisor (Series 65) license in June of 2000. He is also a Notary Public. He presently resides in Cliffside Park, NJ

As a fee-only investment advisor we manage your account for a percentage of the assets under our management. The annual fee ranges from ¼% to 1%, depending on the size, composition and complexity of your account. The fee is billed quarterly, at the end of each quarter.

Our current broker and custodian of choice is Fidelity Investments. During the initial client meeting, and before asking the client to sign the advisory agreement, each client is informed that Walnut Investment Services LLC custodies most of their clients accounts at Fidelity Investments. The clients are then informed of reasons why advisor prefers to work with Fidelity, such as their reputation, strength, a broad scope of services offered, very reasonable commissions, and other benefits offered by Fidelity (trade confirmation, monthly statements, year-end statements, internet access to client's accounts). Clients are informed that our recommendation of the broker is based solely on the above factors and that there are no financial arrangements between the recommended broker and advisor. Clients are also informed that we will work with any broker the client chooses to custody their accounts.

Most of our clients are individuals, but we also work with small businesses, pension plans as well as trusts & estates. We give advice on, but don't necessarily recommend all types of securities, ranging from stocks, to government bonds, to mutual funds, to commodities. We engage in fundamental securities analysis. Our main sources of financial information are financial newspapers & magazines, research materials prepared by others, corporate rating services, annual reports, company press releases, shareholder meeting and analyst conferences. Our principal investment Strategy is based on investing for the long term and occasionally for the short term.

On occasion, we may buy or sell securities that we recommend to you. There is no conflict of interest as the securities are widely held and publicly traded, while we are too small an advisor/investor to affect the market and we always place your interests ahead of our own interests.

We monitor managed accounts daily, review them monthly and make portfolio changes as necessary based on our strategy, market conditions and changes in client's situation and needs.

We don't prepare regular reports for you. You'll get statements directly from your broker/dealers as appropriate.

We do not earn sales commissions for selling securities we recommend and buy for our clients. We do not compensate anyone, either directly or indirectly for client referrals. We do not have a minimum size for client accounts.

On December 31, 2023 our firm had \$77,000,000 in discretionary and \$0 for non-discretionary assets under management.

## **Item 5 Fees and Compensation**

As fee-only independent investment advisors, we manage clients' accounts in two ways:

- Active management basis – suitable for clients who expect individualized service and prefer to have their assets managed by a professional. They are individuals and businesses who usually have no desire to manage their investments on a daily basis and wish to simplify their lives. For them we design, implement and manage an investment portfolio that addresses their individual goals and needs. All such portfolios are monitored daily and are periodically re-assessed and re-allocated based upon market conditions and changes in client's needs or objectives. All client's accounts are set up at a reputable custodian. We currently use Fidelity Investments. The client receives all communications, trade confirmations and monthly statements directly from Fidelity so there is full transparency and disclosure. All active management accounts are currently charged an annual fee of 1% of client's assets under management for equity accounts and ¾% for fixed income accounts. The fees are paid quarterly – at the end of each quarter and are automatically debited directly from client's accounts.
- Consultative basis – suitable for clients who prefer to actively manage their own assets. These clients typically require an initial consultation designed to review and evaluate their current financial situation and to address whatever questions they might have, including, but not limited to: investments, taxes, insurance, retirement and estate planning. Because managing one's own money is an on-going process, these clients would normally need quarterly or semi-annual consultations for continued guidance and advice. Walnut Investment Services charges up to \$150 per hour for such consultations, depending on the complexity of client's situation. As a client, you are the sole determinate of how many hours of financial counseling you'll want or need. You can terminate either arrangement at any time.

Naturally, you are free to select any broker (custodian) you wish for implementation of our advice. However, should you want our assistance in setting up an investment account with Fidelity or any broker/custodian of your choice, we would be glad to provide it for you at no extra cost.

In addition to our fees described above – clients will get charged transaction fees by the custodian for buying or selling investments such as stocks, bonds and some mutual funds.

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

We do not charge performance-based fees nor do we engage in Side-By-Side Management

## **Item 7: Types of Clients**

Most of our clients are individuals and families, but we also serve small businesses, pension plans, as well as trusts & estates.

There are currently no minimums required to open and maintain an account with us.

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

The investment process normally begins with the financial advisor and client determining priorities, goals, risk tolerance and time horizon, followed by setting clear objectives for the future -- education, retirement, or just prudent investing.

Depending on the client's experience, the financial advisor would educate the client about the investment process. For example: how securities are bought and sold, the types and structures of various securities, bonds or mutual funds and the costs associated with buying and selling them. The client would also learn about the inherent risks of each investment alternative and the associated costs of the transaction or portfolio management.

Further, an asset allocation model for the client's portfolio is determined. While every investor has distinct needs, no investor should place all eggs in one basket, therefore, every portfolio needs to be properly allocated, diversified and monitored. In many cases, investors may need additional planning services, such as tax, retirement, and estate planning. We will work with the client to address these issues. As retirement approaches, the financial advisor can assist the investor in developing a retirement plan with the objective of providing the income to maintain a desired lifestyle.

We typically engage in fundamental securities analysis. Our main sources of financial information are financial newspapers & magazines, research materials prepared by others,

corporate rating services, annual reports, company press releases, shareholder meetings and analyst conferences. Our principle investment Strategy is based on investing for the long term and occasionally for the short term.

### **Item 9: Disciplinary Information**

To the best of our knowledge – there are no legal or disciplinary events involving our firm or its representatives.

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

The two principals of Walnut Investment Services and the only persons giving client advice are Harvey M Kraus and Mark Blinderman.

In addition, Harvey M Kraus is an accountant, tax-preparer and an Enrolled agent with the IRS, who's ran his own neighborhood accounting practice for the past 35 years. He brings significant knowledge and experience in matters of taxation to our investment advisory clients. Mr. Kraus devotes approximately 50% of his time to his accounting practice.

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

Code of Ethics:

The advisor and its representatives shall exercise best efforts to act in good faith and in the best interests of the client. The advisor shall provide written disclosure to the client prior to the engagement of the advisor, and thereafter throughout the term of the engagement, of any conflicts of interest which will or reasonably may compromise the impartiality or independence of the advisor. The advisor, or any party, in which the advisor has a financial interest, does not receive any compensation or other remuneration that is contingent on any client's purchase or sale of a financial product. The advisor does not receive a referral fee or other compensation from another party based on the referral of a client or the client's business. A copy of advisor's code of ethics is available to any existing or prospective client upon request.

On occasion, we may buy or sell securities that we recommend to you. There is no conflict of interest as the securities are widely held and publicly traded, while we are too small an advisor/investor to affect the market and we always place your interests ahead of our own.

## **Item 12: Brokerage Practices**

Our current broker and custodian of choice is Fidelity Investments. During the initial client meeting, and before asking the client to sign the advisory agreement, each client is informed that Walnut Investment Services LLC custodies most of their clients' accounts at Fidelity Investments. The clients are then informed of reasons why advisor prefers to work with Fidelity, such as their reputation, strength, broad scope of services offered, reasonable commissions, and other benefits offered by Fidelity (trade confirmation, monthly statements, year-end statements, tax statements and Internet access to client's accounts). Clients are informed that our recommendation of the broker is based solely on the above factors and that there are no financial arrangements between the recommended broker and advisor. Clients are also informed that they can choose their own broker/custodian and that we will work with any such broker/custodian.

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

We monitor managed accounts daily, review them monthly and make portfolio changes as necessary based on our strategy, market conditions and changes in client's situation and needs. We don't prepare regular reports for you. You'll get all the trade confirmation and statements directly from your broker/dealers as appropriate.

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

We do not compensate nor are compensated for referrals provided to us or by us.

## **Item 15: Custody**

We do not custody client funds. All client accounts managed by us are set up with a qualified custodian, such as Fidelity or at a client's own choice of broker/custodian.

## **Item 16: Investment Discretion**

We don't prepare regular reports or statement for our clients. You'll get all the trade confirmation and statements directly from your broker/custodian.

## **Item 17: Voting Client Securities**

We do not have authority to vote client securities. All such votes, proxies or other solicitations are directed to the client from their custodian or a transfer agent.



**Item 18: Financial Information**

We do not require or solicit any prepayments from clients in advance.