



## **Firm Brochure**

Form ADV Part 2A

XPYRIA Investment Advisors, Inc.  
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**March 29, 2024**

This brochure provides information about the qualifications and business practices of XPYRIA Investment Advisors, Inc. If you have any questions about the contents of this brochure, please contact us at (412) 232-3310, or by email at [giammatteo@xpyriainvest.com](mailto:giammatteo@xpyriainvest.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. While XPYRIA Investment Advisors, Inc. is a "registered investment adviser", this registration does not imply a certain level of skill or training.

Additional information about XPYRIA is available on the SEC's website at <https://adviserinfo.sec.gov/>

## ITEM 2- MATERIAL CHANGES

### Summary of Material Changes

This section of the Brochure will address only those “material changes” that have been incorporated since our last delivery or posting of this document on the SEC’s public disclosure website (IAPD) <https://adviserinfo.sec.gov/>

The following material changes have been made to our Firm’s Disclosure Brochure since our last Annual Amendment Filing dated March 31, 2023:

**Item 5** – Added our standard fee schedule and language regarding the ability to negotiate fees.

**Item 8** - Added cybersecurity risks associated with investing.

Whenever you would like to receive a free complete copy of our Firm Brochure, please contact us by telephone at: 412-232-3310 or by email at: [giammatteo@xpyriainvest.com](mailto:giammatteo@xpyriainvest.com).

We encourage the client to read this document in its entirety.

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## ITEM 4- ADVISORY BUSINESS

### Firm Description

XPYRIA Investment Advisors, Inc. (hereinafter “XPYRIA” or the “Firm”) was founded in 1990.

XPYRIA provides investment supervisory services by managing assets on a discretionary basis, and occasionally a nondiscretionary basis, to individuals, non-profit organizations, Taft-Hartley, business, union, and government/public entities. XPYRIA is devoted to developing and maintaining investment strategies that are suited to the unique goals, objectives, and risk tolerances of each of our client relationships. We maintain significant resources, proprietary databases, and modeling capabilities. Our consultative approach to portfolio management and reporting is centered upon the selection and placement of our client assets with independent investment managers (mutual funds or separate accounts) which we have selected based on our intensive and proprietary research of thousands of managed investment options that exist globally.

### Principal Owners

John H. Cummings Jr., Joseph G. Salpietro, Bret J. Stutzman, and Michael B. Giammatteo are the principal owners of XPYRIA Investment Advisors, Inc.

### Types of Advisory Services

Investment Management- XPYRIA develops and maintains investment strategies that are uniquely suited to the specific goals, objectives, and risk tolerances of each of our clients. We maintain significant resources; technologies, proprietary databases, intellectual property and talent. The implementation of our strategies includes a consultative approach to portfolio management utilizing our proprietary research of thousands of actively and passively managed investment options that exist globally and then the ultimate selection and placement of the client assets in those investments deemed most appropriate.

We are sensitive to a client’s disposition toward certain securities or asset classes and are open to discussing strategies to adjust exposure in this regard.

Financial Planning- This service is included and ongoing for our Investment Management clients. Financial planning includes Items such as the creation of a wealth plan; analysis of investments outside of our Firm; providing ongoing education; providing retirement planning and analysis; analyzing household cash flow; providing education related analysis and planning; providing debt analysis; counseling on refinancing, purchases, and leases; developing, documenting and updating an investment policy. It often includes working with the client’s tax professional and other advisors to maximize efficiency; minimization of tax implications related to investing.

### Tailored Advisory Services

XPYRIA provides investment management and financial planning services on a client-by-client basis.

### Types of Clients

Our clients include individual, non-profit, Taft-Hartley, business, union, and government/public entities. Our target client has \$1 million or more in investable assets, exceptions can and have been made based upon existing relationships, future growth prospects, and the appropriateness of the engagement to the client’s circumstance.

### IRA Rollover Recommendations

Effective December 20, 2021 (or such later date as the US Department of Labor (“DOL”) Field Assistance Bulletin 2018-02 ceases to be in effect), for purposes of complying with the DOL’s Prohibited Transaction

Exemption 2020-02 ("PTE 2020-02") where applicable, we are providing the following acknowledgment to you.

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a fiduciary rule that requires us to act in your best interest and not put our interest ahead of yours. Under the fiduciary rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

Investors considering rolling over assets from a qualified employer-sponsored retirement plan ("Employer Plan") to an Individual Retirement Account ("IRA") should review and consider the advantages and disadvantages of an IRA rollover from their Employer Plan. A plan participant leaving an employer typically has four options (and can engage in a combination of these options):

1. Leave the money in the former employer's plan, if permitted;
2. Rollover the assets to a new employer's plan (if available and rollovers are permitted);
3. Rollover Employer Plan assets to an IRA; or,
4. Cash out the Employer Plan assets and pay the required taxes on the distribution.

At a minimum, Investors should consider fees and expenses, investment options, services, penalty-free withdrawals, protection from creditors and legal judgments, required minimum distributions, and employer stock. We encourage you to discuss your options and review the above listed considerations with an accountant, third-party administrator, investment advisor to your Employer Plan (if available), or legal counsel, to the extent you consider necessary.

We have an economic incentive to encourage investors to rollover Employer Plan assets into an IRA managed by us, as we will earn additional compensation on the increased assets.

### **Assets Under Management**

As of December 31, 2023, XPYRIA Investment Advisors, Inc. managed approximately \$823,305,244 in assets under management, all of which is managed on a discretionary basis.

## **ITEM 5- FEES & COMPENSATION**

### **Fee Description**

XPYRIA bases its fees on a percentage of Assets Under Management, hourly charges, and fixed fees. All fees are negotiable.

### **Fee Guidelines**

A fee guideline for discretionary accounts begins at 1% of assets per annum and declines at varying breakpoints as the asset base grows. XPYRIA's standard fee schedule is as follows:

### **Assets Managed**

1.00% of assets per annum (0.2500% per quarter) on the first \$2.0 million  
0.75% of assets per annum (0.1875% per quarter) on the next \$2.5 million  
0.50% of assets per annum (0.1250% per quarter) on the next \$2.5 million  
0.35% of assets per annum (0.0875% per quarter) thereafter

The minimum annual fee for accounts is \$6,000 and will be reduced, increased, or waived under certain situations. XPYRIA may, in its sole discretion, negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount, and type of assets to be managed, related accounts, account composition, pre-existing/legacy client relationship, account retention, and pro bono activities.

Special projects and financial planning for non-retainer clients will be charged at an hourly rate or on a fixed fee basis as agreed upon by the parties. All fees are negotiable. XPYRIA will manage certain accounts for an hourly rate or a flat fee, rather than a percentage of assets under management. Such alternative billing is typically only made available to accounts of a smaller size that are not intending for XPYRIA to perform all investment advisory services and reporting. These alternative billing methods are available at the discretion of XPYRIA.

### **Fee Billing**

Clients using XPYRIA's Investment Management services, on both a discretionary and non-discretionary basis, are billed quarterly in advance an amount based upon the fair market value ("FMV") as provided by third-party sources (e.g. pricing services, custodians, fund administrators, etc.) of the assets under management as of the last day of the preceding quarter unless otherwise directed by the client and agreed to by XPYRIA. These fees are deducted quarterly from a designated account held at the custodian or invoiced quarterly. The client must consent in advance to direct debiting of fees from their investment account. Clients can select either method of payment.

Financial Planning services are invoiced and billed as negotiated.

### **Other Fees**

All fees paid to XPYRIA for investment advisory services are separate and distinct from the fees and expenses charged by other advisors (such as mutual funds, separate account managers and/or ETFs). These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses and a possible distribution fee. Transaction fees related to the purchase or sale of securities by the independent custodians are assessed and retained by the custodian. Certain "non-transaction-fee" funds and securities trade at no cost. XPYRIA attempts to negotiate a reduction in these transaction charges from time to time on behalf of its clients. XPYRIA does monitor transaction charges to ensure reasonableness based on industry standards.

Please also see section "Brokerage Practices" in ITEM 12.

### **Account Termination and Refunds**

XPYRIA or the client have the right to terminate upon written notice within five (5) days from the date of any agreement and all fees paid by a client will be refunded. Thereafter, either XPYRIA or the client can terminate the agreement upon thirty (30) days written notice to the other, and a pro-rated portion of any unearned management fees for the current quarter will be refunded to the client where applicable. The client may specify how he/she would like such refund issued (e.g. a check sent directly to the client). XPYRIA will work with the Client, within reason, to transition the relationship up to and including the Termination Date.

The Firm's compensation is solely from fees paid directly by clients. No commissions in any form are accepted. No referral fees are paid or accepted. No benefits are received from custodians/broker-dealers based on client securities transactions or otherwise.

## ITEM 6- PERFORMANCE-BASED FEES & SIDE-BY-SIDE MANAGEMENT

### Sharing of Capital Gains

XPYRIA does NOT use a performance-based fee structure nor engage side by side management.

## ITEM 7- TYPES OF CLIENTS

### Client Description

Our clients include individual, non-profit, Taft-Hartley, business, union, and government/public entities. While we typically work with clients that have \$1mm or more in investable assets, exceptions can and have been made based upon existing relationships, future growth prospects, and the appropriateness of the engagement to the client's circumstance.

## ITEM 8- METHODS OF ANALYSIS, INVESTMENT STRATEGIES & RISK OF LOSS

### Methods of Analysis, Investment Strategies

XPYRIA is a manager of managers and thus selects investment managers (mutual fund or separate account) to implement the asset allocation strategies we develop and manage on behalf of our clients. Investment research is our business. Evaluating investment managers is an ongoing process at XPYRIA. We evaluate managers both quantitatively and qualitatively. Employees of XPYRIA conduct face-to-face interviews annually both in our offices and in the offices of the investment managers we vet for use in our client portfolios. We also participate in conference calls and attend industry conferences. Other sources of information include Bloomberg, Morningstar, prospectuses, financial newspapers and magazines, research materials prepared by others, filings with the Securities and Exchange Commission, and quarterly and annual reports.

### Risk of Loss

All investment programs have certain risks that are borne by the investor. Our investment approach keeps the risk of loss in mind. However, as with all investments, clients face investment risks including: Loss of Principal Risk, Interest rate Risk, Market Risk, Inflation Risk, Currency Risk, Reinvestment Risk, Business Risk, Liquidity Risk, and Financial Risk.

### Types of Investments and Risks

Depending on the type of service being provided, XPYRIA can recommend different types of securities, including mutual funds, closed end funds, ETFs, equities, and fixed income securities. Investing in securities involves the risk of loss that clients should be prepared to bear. Described below are some risks associated with investing and with some types of investments that an IAR can recommend depending on the service provided.

Market- This is the risk that the value of securities owned by an investor goes up or down, sometimes rapidly or unpredictably, due to factors affecting securities markets generally or particular industries.

Interest Rate- This is the risk that fixed income securities will decline in value because of an increase in interest rates; a bond or a fixed income fund with a longer duration will be more sensitive to changes in interest rates than a bond or bond fund with a shorter duration.

Credit- This is the risk that an investor could lose money if the issuer or guarantor of a fixed income security is unable or unwilling to meet its financial obligations.

Issuer-Specific- This is the risk that the value of an individual security or particular type of security can be more volatile than the market as a whole and can perform differently from the value of the market as a whole.

Investment Company- To the extent a client account invests in ETFs or other investment companies, its performance will be affected by the performance of the investment managers and the underlying portfolio holdings. Investments in ETFs and other investment companies are subject to the risks of the investment companies' investments, as well as to the investment companies' expenses. If a client account invests in other investment companies, the client account can receive distributions of taxable gains from portfolio transactions by that investment company and recognize taxable gains from transactions in shares of that investment company, which would be taxable when distributed.

Equity Investment- Our judgments about the attractiveness, value and potential appreciation of a particular individual security, if incorrect, there is no guarantee that individual securities will perform as anticipated. Sharp downward market moves adversely impact long positions. There is a risk of loss on individual positions as a result of issuer-specific matters such as unexpectedly disappointing earnings, lawsuits, analyst action or other matters. Equity returns are volatile and fluctuate, sometimes substantially, over time.

Bond- Rising interest rates will generally cause the prices of bonds and other debt securities to fall. In addition, falling interest rates can result in an issuer redeeming, calling or refinancing a security before its stated maturity. Longer maturity debt securities are subject to greater price fluctuations than shorter maturity debt securities. Bonds and other debt securities are subject to credit risk, which is the possibility that the credit strength of an issuer will weaken and/or an issuer of a debt security will fail to make timely payments of principal or interest and the security will go into default. Lower quality debt securities generally have higher rates of interest and are subject to greater price fluctuations than higher quality debt securities.

Concentration- To the extent a client account concentrates its investments by investing a significant portion of its assets in the securities of a single issuer, industry, sector, country or region, the overall adverse impact on the client of adverse developments in the business of such issuer, such industry or such government could be considerably greater than if they did not concentrate their investments to such an extent.

Sector- To the extent a client account invests more heavily in particular sectors, industries, or sub-sectors of the market, its performance will be especially sensitive to developments that significantly affect those sectors, industries, or sub-sectors. An individual sector, industry, or sub-sector of the market can be more volatile, and perform differently, than the broader market. The several industries that constitute a sector can all react in the same way to economic, political or regulatory events. A client account's performance could be affected if the sectors, industries, or sub-sectors do not perform as expected. Alternatively, the lack of exposure to one or more sectors or industries can adversely affect performance.

Exchange-Traded Funds (ETFs)- ETFs are typically investment companies that are legally classified as open end mutual funds or UITs. However, they differ from traditional mutual funds, in particular, in that ETF shares are listed on a securities exchange. Shares can be bought and sold throughout the trading day like shares of other publicly-traded companies. ETF shares trade at a discount or premium to their net asset value. This difference between the bid price and the ask price is often referred to as the "spread." The spread varies over time based on the ETF's trading volume and market liquidity, and is generally lower if the ETF has a lot of trading volume and market liquidity and higher if the ETF has little trading volume and market liquidity. Although many ETFs are registered as an investment company under the Investment Company Act of 1940 like traditional mutual funds, some ETFs, in particular those that invest in commodities, are not registered as an investment company. ETFs can be closed and liquidated at the discretion of the issuing company.

Public Health- Certain countries have been susceptible to epidemics, such as severe acute respiratory syndrome, avian flu, H1N1/09 flu, and, most recently, the coronavirus. The outbreak of an infectious disease or any other serious public health concern, together with any resulting restrictions on travel or quarantines imposed, has a negative impact on the economy, and business activity in any of the countries in which the Adviser could invest and thereby adversely affect the performance of the client account.

**Cybersecurity Risk** - The computer systems, networks, and devices used by XPYRIA and service providers to us and our clients to carry out routine business operations employ a variety of protections designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches. Despite the various protections utilized, systems, networks, or devices potentially can be breached. Clients could be negatively impacted as a result of a cybersecurity breach.



Cybersecurity breaches can include unauthorized access to systems, networks, or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. Cybersecurity breaches may cause disruptions and impact business operations, potentially resulting in financial losses to a client; impediments to trading; the inability by us and other service providers to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs; as well as the inadvertent release of confidential information.

Similar adverse consequences could result from cybersecurity breaches affecting issuers of securities in which a client invests; governmental and other regulatory authorities; exchange and other financial market operators, banks, brokers, dealers, and other financial institutions; and other parties. In addition, substantial costs may be incurred by these entities in order to prevent any cybersecurity breaches in the future.

## **ITEM 9- DISCIPLINARY INFORMATION**

### **Legal and Disciplinary**

The Firm and its employees have not been involved in any legal or disciplinary events related to past or present activities.

## **ITEM 10- OTHER FINANCIAL INDUSTRY ACTIVITIES & AFFILIATIONS**

### **Activities**

XPYRIA does not participate in any other business activities.

### **Affiliations**

XPYRIA Investment Advisors, Inc. does not have arrangements that are material to its advisory business or its clients with any related person. We will, at times, recommend unrelated, third party investment managers who have a greater expertise in certain disciplines when appropriate for the client; we do not receive any compensation for the recommendation or selection of these investment advisors.

## **ITEM 11- CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS & PERSONAL TRADING**

### **Code of Ethics**

The employees of XPYRIA have committed to a Code of Ethics. The key points are: putting the client's interests first, objectivity, confidentiality, competence, fairness and suitability, integrity and honesty, regulatory compliance, full disclosure, and professionalism. The Firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

### **Personal Trading**

Our Firm and persons associated with us are allowed to invest for their own accounts, or to have a financial investment in the same securities or other investments that we recommend or acquire for the client's account, and could engage in transactions that are the same as or different than transactions recommended to or made for the client's account. This creates a conflict of interest. We recognize the fiduciary responsibility to act in the client's best interest and have established policies to mitigate conflicts of interest.

We have developed and implemented a Code of Ethics that sets forth standards of conduct expected of our advisory personnel to mitigate this conflict of interest. The Code of Ethics addresses, among other things, personal trading, gifts, and the prohibition against the use of inside information.

The Code of Ethics is designed to protect our clients to detect and deter misconduct, educate personnel regarding the Firm's expectations and laws governing their conduct, remind personnel that they are in a position of trust and must act with complete propriety at all times, protect the reputation of XPYRIA safeguard against the violation of the securities laws, and establish procedures for personnel to follow so that we can determine whether their personnel are complying with the Firm's ethical principles.

We have established the following restrictions in order to ensure our Firm's fiduciary responsibilities:

- XPYRIA and its employees will at times buy or sell securities that are also held by clients. Employees comply with the provisions of the XPYRIA's Code of Ethics. The Code prohibits employees from using knowledge about pending or currently considered securities transactions for clients to profit personally (directly or indirectly) as a result of such transactions, including by purchasing or selling those securities for their own, their family's or their friends' accounts or by relaying such information to others for their use.
- We emphasize the unrestricted right of the client to decline implementation of any advice rendered, except in situations where we are granted discretionary authority of the client's account
- We require that all supervised employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices
- Any supervised employee not in observance of the above could be subject to termination

The Chief Compliance Officer of XPYRIA reviews all employee trades each quarter. His personal trades are reviewed by other personnel. Personal trading reviews ensure that clients of the Firm receive preferential treatment and that the personal trades of an employee are not based on inside information. Amounts of securities held in employee accounts are not significant enough to affect the securities markets.

The client can request a complete copy of our Code by contacting us at the address, telephone, or email on the cover page of this ADV Part 2A; ATTN: Mike Giammatteo.

## **ITEM 12- BROKERAGE PRACTICES**

### **Selecting Brokerage Firms**

XPYRIA does not have any brokerage firm affiliation. Custodian recommendations are made to clients based on our industry experience with various custody providers and the client's need for such services. XPYRIA recommends custodians to its clients based on the proven integrity and financial responsibility of the firm, best execution of orders at reasonable commission rates, and the quality of client service. The client is not obligated to accept XPYRIA's recommendation and can use the firm of their choosing.

XPYRIA currently works with a number of qualified custodians, such as Charles Schwab & Company, BNY Mellon, MidAtlantic Capital, and PNC Bank. XPYRIA does not receive fees or commissions from any of these qualified custodians. XPYRIA uses other services provided by custodians, such as: research, continuing education, and practice management advice. These benefits are standard in a relationship with these custodians and are not in return for client recommendations or transactions.

XPYRIA reviews the execution of trades at each custodian on a periodic basis. The review is documented as described in the XPYRIA " Compliance Manual". Trading fees charged by the custodians are also reviewed on a periodic basis. XPYRIA does not receive any portion of the trading fees.

### **Soft Dollars**

XPYRIA does not receive or accept soft dollar benefits.

### **Directed Brokerage**

We do not engage in directed brokerage activities.

## Aggregation

As a very high percentage (over 90%) of our trading activity is in mutual funds, we do not engage in aggregation. Mutual fund trades settle at the end of the business day and all clients receive the same price per share (determined by Net Asset Value or NAV) for identical funds traded. For the small percentage of equity trades we make, we do not place split or partial fill orders nor do we trade in proprietary accounts. We do not benefit either directly or indirectly from trading activity. All of our clients are on even footing and no client is less advantaged than any other.

## Mutual Fund Share Class Selection

Mutual funds generally offer multiple share classes available for investment based upon certain eligibility and/or purchase requirements. For instance, in addition to retail share classes (typically referred to as class A, class B and class C shares), funds can also offer institutional share classes or other share classes that are specifically designed for purchase by investors who meet certain specified eligibility criteria, including, for example, whether an account meets certain minimum dollar amount. Institutional share classes usually have a lower expense ratio than other share classes.

When recommending investments in mutual funds, it is our policy to review and consider available share classes. Our policy is to select the most appropriate share classes based on various factors including but not limited to: minimum investment requirements, trading restrictions, internal expense structure, transaction charges, availability and other factors. When considering all the appropriate factors, we can select a share class other than the 'lowest cost' share class if the client does not meet the requirements of the lowest cost share class. In order to select the most appropriate share class, we consider retail, institutional or other share classes of the same mutual fund. Regardless of such considerations, clients should not assume that they will be invested in the share class with the lowest possible expense ratio. XPYRIA periodically reviews the mutual funds held in client accounts to select the most appropriate share classes in light of its duty to obtain best execution.

## ITEM 13- REVIEW OF ACCOUNTS

### Periodic Reviews

Investment accounts are monitored daily in light of changing market conditions. Accounts are periodically rebalanced when deemed appropriate by one of our Client Advisors. Every relationship has an investment policy statement that governs XPYRIA's actions on behalf of the client and establishes tolerances for investment actions. The frequency of client review meetings is dictated by the client but preferred by XPYRIA to be no less than twice per year.

Investment Management Services clients are provided with quarterly, semi-annual, and/or annual reviews, which vary in focus by quarter and can include asset allocation updates and rebalancing, performance reviews, tax and estate plan reviews, investment reviews, cash flow monitoring, and more.

Financial Planning Services clients can request an update and/or review of their financial plan at their discretion. Account reviews are performed by our Client Advisors.

### Review Triggers

Account reviews for Investment Management Services clients are performed more frequently when market conditions dictate, or when a client's objectives change. A review will be triggered by events such as client request, changes in market condition, changes in client's financial situation/investment objectives, new information about an investment, changes in tax laws, or other important changes.

### Regular Reports

Written reports are sent to Investment Management Services clients quarterly. The reports consist of an individualized letter summarizing the results of the review and our general thoughts on the economy, a

statement of holdings from our portfolio accounting software, various portfolio reports, asset allocation analysis, tax-related information, updates to financial plan reports, portfolio graphs, or other reports as needed.

## **ITEM 14 - CLIENT REFERRALS & OTHER COMPENSATION**

### **Incoming Referrals**

XPYRIA does not compensate any persons for client referrals.

### **Referrals to Other Professionals**

XPYRIA 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, who provide account statements directly to the clients. Clients are encouraged to carefully review the statements provided by their custodians.

### **Statements Provided by XPYRIA**

XPYRIA prepares and sends to its clients an individualized quarterly progress report, which includes market commentary with index performance information. Clients are urged to compare the statements they receive from us to those they receive from their qualified custodians.

### **SEC Custody Rule**

Investment advisers have custody of client funds if they are authorized by the client to deduct advisory fees directly from a designated brokerage account at the qualified custodian. For this reason, XPYRIA is considered to have "custody" of client assets. The client must consent in advance to direct debiting of their investment account for such fees. Clients are encouraged to carefully review the statements provided by their custodians.

XPYRIA has custody under Rule 206 (4)-2 of the Investment Advisers Act of 1940, as amended, based upon the Securities and Exchange Commission's No-Action Letter of February 15, 2017, regarding Standing Letters of Authorization (SLOAs). XPYRIA is exempted from the required "surprise annual examination/audit" normally required by such status. XPYRIA claims exemption from the annual surprise examination/audit based upon the conditions outlined by the Division of Investment Management which XPYRIA follows.

## **ITEM 16 - INVESTMENT DISCRETION**

### **Discretionary Authority for Trading**

XPYRIA accepts discretionary authority to manage securities accounts on behalf of clients. XPYRIA 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. However, if discretionary authority or a limited power of attorney has not been given, XPYRIA consults with the client prior to each trade to obtain concurrence. Discretionary trading authority facilitates placing trades in client accounts on their behalf so that we can effectively implement the investment strategy mutually agreed upon. In some cases, clients are provided with an opportunity for review and discussion prior to implementation of recommendations.

## Limited Power of Attorney

Clients must sign a limited power of attorney before XPYRIA is given discretionary authority. The limited power of attorney is generally included in the qualified custodian's account application. If necessary, clients will sign a separate limited power of attorney document giving discretionary authority to XPYRIA.

## ITEM 17- VOTING CLIENT SECURITIES

### Proxy Votes

XPYRIA Investment Advisors, Inc. has adopted the following procedures in order to insure the appropriate fiduciary obligations and accompanying liabilities have been identified and fulfilled under the rules and regulations set and adopted by the U.S Department of Labor under ERISA, and as required by Rule 206(4)-6 under the Investment Advisors Act of 1940, as amended (the "Advisors Act").

All voting and copies of Information Only (non-voting proxies) are sent to the Firm via prior direction from the client through qualified custodians.

The Proxy Voting Coordinator, or his/her appointee, then logs all proxies in the Firm into My Compliance Office (online). For the Voting proxies (versus Information Only, non-voting proxies), a list is generated to identify all holders of the security to be voted. The online proxy logs contain the following information:

- Name of Security;
- Proxy Type: Voting or Information Only;
- Due date: date is one week prior to Board Meeting;
- Assigned to;
- Voting date;
- Notes in voted Items: Reasons for dissent from Board of Directors recommendation; g. Attachments.

Clients cannot direct XPYRIA's vote on a particular solicitation but can revoke XPYRIA's authority to vote proxies. In situations where there is a conflict of interest in the voting of proxies due to business or personal relationships that XPYRIA maintains with persons having an interest in the outcome of certain votes, XPYRIA takes appropriate steps to ensure that its proxy voting decisions are made in the best interest of its clients and are not the product of such conflict. Clients can contact XPYRIA to request information about how XPYRIA voted proxies for that client's securities or to get a copy of XPYRIA's Proxy Voting Policies and Procedures using the contact information on the cover page of this brochure.

The Firm's Board of Directors or other governing committee will review these Proxy and Corporate Action Voting Procedures annually.

## ITEM 18- FINANCIAL INFORMATION

### Audited Balance Sheet & Financial Conditions Disclosure

No financial condition exists that will impair XPYRIA from meeting its contractual commitments to its clients. XPYRIA does not require prepayment of fees of more than \$1,200 per client, six months or more in advance and is therefore exempt from this requirement.