

C Y P R E S S

ASSET MANAGEMENT, INC.



Firm Brochure

Cover Page

CYPRESS ASSET MANAGEMENT, INC.

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This brochure provides information about the qualifications and business practices of CYPRESS ASSET MANAGEMENT, INC. If you have any questions about the contents of this brochure, please contact us at: 713-512-2100, or by email at: jmelloy@cypressasset.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 CYPRESS ASSET MANAGEMENT, INC. is available on the SEC's website at www.adviserinfo.sec.gov

March 19, 2024

Item 2: Material Changes

Annual Update

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure. The Firm has not had any material changes since the firm's last ADV Part 2A, dated March 15, 2023.

Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: 713-512-2100 or by email at jmelloy@cypressasset.com.

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Item 4 - Advisory Business

Firm Description

CYPRESS ASSET MANAGEMENT, INC., (“Cypress”, “The Firm” or “CAM”) was founded in 1996.

CYPRESS ASSET MANAGEMENT, INC. is an independently owned investment advisory firm based in Houston, TX. Cypress clients include individuals, trusts, estates, small businesses, charitable organizations, pension and profit-sharing plans. The firm does not sell annuities, insurance, stocks, bonds, mutual funds, limited partnerships or other commissioned products. The firm is not owned or affiliated by ownership with other entities that sell financial products or services.

CYPRESS ASSET MANAGEMENT, INC. does not act as a custodian of client assets. The assets of all Cypress clients are housed at a custodian of the client’s choice. The client always maintains control of assets. All Cypress clients receive a monthly or quarterly (as required) client statement from the custodian and a quarterly statement from Cypress. The quarterly statements issued by Cypress, however, do not replace or supersede any statements issued by the client’s custodian(s).

CYPRESS ASSET MANAGEMENT, INC. offers clients a choice of several investment strategies: a Growth and Income equity strategy, a Core Growth equity strategy, an Energy and Natural Resources equity strategy, an Enhanced Yield Dividend strategy and a Fixed Income strategy. All client accounts are separately managed, there are no pooled accounts. Our research is primarily conducted internally. Un-invested reserve funds are normally maintained in a money market domiciled at the custodian. Specific securities utilized may include:

Equity securities: include exchange-listed securities, securities traded over the counter, foreign issues traded on U.S. exchanges, and master limited partnerships (MLPS).

-Debt securities: include United States Government and agency securities, corporate debt securities, commercial paper, certificates of deposit, and municipal securities.

-Preferred securities, Convertible Preferred securities, and Convertible debt and equity securities.

-Exchange Traded Securities (ETF’s).

-Investment company securities such as mutual funds and closed end funds.

Clients make the final decision on investment strategy. We meet with and speak to clients regularly and portfolios are tailored to the needs of individual clients. We generally attempt to accommodate the investment restrictions imposed by clients (for example: an aversion to tobacco, defense companies or casino companies).

As noted, the assets of all Cypress clients are housed at a custodian of the clients’ choice. Brokerage services are generally provided by the custodian. When the custodian does not provide brokerage services, Cypress may utilize the brokerage services of a third-party broker to execute purchases and sales of securities.

In some circumstances, Cypress acts as a third-party advisor, providing investment

management service to separate accounts of the clients of other investment advisors. In these circumstances, Cypress shares in a negotiated, previously determined, part of the management fee charged to the client by the custodian.

Cypress does not publish research reports or sell newsletters. We do not normally use the term “financial planning” but we do work with our clients’ accountants and attorneys when appropriate to discuss estate planning and tax efficiency. We conduct no other business.

As of December 31, 2023, CYPRESS ASSET MANAGEMENT, INC. manages approximately \$348,077,908 in assets for approximately 123 clients of which \$342,817,391 are managed on a discretionary basis and \$5,260,517 on a non-discretionary basis.

Principal Owners

William L. Garwood, Jr. is a 50% stockholder. Frank P. Lee is a 50% stockholder.

Item – 5 - Fees and Compensation

Description

Our compensation for our individually managed accounts is based on the amount of assets under management. Most of our advisory fees are billed and payable quarterly in arrears (we are paid for the work done in the last 90 days) based upon the market value of the assets in the account at the end of the quarter. If the account utilizes margin, which is usually at the client's request, then the fee payable to CAM will be based on the market value of investments in the account. The internal records we use for billing may contain a different market value than the statement received from the respective custodian, but we believe these differences, if any, are immaterial. However, some of our advisory fees (clients related to one custodian) are billed and payable in advance based on the market value of assets under management at the end of the previous quarter. When a client related to that one custodian (that pays in advance) terminates a relationship with Cypress, fees collected in advance are promptly reimbursed by the custodian to the client. Fees reimbursed by the custodian and due back to the custodian from Cypress are settled in the following billing cycle. Payment in full is expected upon invoice presentation.

We may either bill clients for fees incurred or deduct fees from clients' assets, according to the desires of the client. Clients may select either method of payment. The client must consent in advance to direct debiting of their investment account.

The annual equity fee schedule is listed below:

- 1.25% on the first \$2 million
- .70% on the next \$3 million (from 2,000,001 to 5,000,000)
- .5% on the next \$5 million (from 5,000,001 to 10,000,000)
- .40% on assets above \$10,000,000

The annual fee for the management of fixed income is listed below:

- .40% on the first \$2 million
- .25% on all assets over \$2 million

In addition, if equities under management exceed \$2 million, the annual fee on all fixed income securities is .25%.

There is no minimum fee and all fees are negotiable. Cypress, in its sole discretion, may charge a lesser investment advisory fee.

Cypress clients' assets are always housed with a third-party custodian, whom the client selects. Clients should anticipate that they will pay the custodian a fee for their services. Cypress does not have input into the fees charged by a custodian.

Some of the investments that Cypress chooses (for example Exchange Traded Funds, Closed End Funds, Mutual Funds) have a fee that is in addition to the fee charged by Cypress. Cypress does not have any say over the fees charged by Exchange Traded Funds, Closed End Funds or Mutual Funds.

Cypress clients will pay a separate brokerage fee generated by purchases and sales of securities on their behalf by a brokerage firm. The brokerage commissions a client pays will vary, depending on the brokerage firm and/or custodian they choose or is chosen by CAM. Please refer to Item 12 for more information on Brokerage Practices.

Cypress reserves the right to stop work on any account that is more than 60 days past due. Cypress reserves the right to bill terminated accounts a fee equal to 90 days of fees of assets under management as of the date of termination. The fee covers work performed by Cypress on behalf of the former client after the date of termination.

Item 6 - Performance-Based Fees

CYPRESS ASSET MANAGEMENT, INC. does not manage any accounts that contain performance-based fees.

Item 7 - Types of Clients

Description

CYPRESS ASSET MANAGEMENT, INC. provides advisory services to individuals, families and their related IRA accounts, endowments and trusts and business entities. In addition, we are a third-party manager to other brokerage companies, custodians and trust companies.

Cypress has a stated account minimum size of \$500,000 in assets under management, which equates to an annual fee of \$6,250.

Cypress has the sole discretion to waive the account minimum.

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

Methods of Analysis

We are generally long-term investors who focus on the fundamentals of a company: income, cash flow, balance sheet and competitive advantages. We overlay our fundamental analysis of individual companies with a focus on industries that have reasonable growth prospects. Finally, we pay particular attention to the global economic environment and the global opportunities of any company or industry.

Most securities are bought to be held over a longer time horizon (2-5 years). It is not our goal to be market timers but to search for individual companies with investment promise that should be successful and build value over an extended period of time. Occasionally, we will sell a position earlier than anticipated if new information makes us re-evaluate our previous opinion, fundamentals change, or if a rapid price movement makes it appropriate to take a short-term profit. We are usually fully invested.

We read widely and employ a number of sources for our research activities. Aside from newspapers, periodicals, internet business Web sites and subscription services, we examine annual reports, corporate press releases, corporate presentations, SEC filings, participate in conference calls, utilize Wall Street research, speak to Wall Street analysts and sales people, attend industry conferences and events, and periodically visit companies and company management and representatives.

Investment Strategies

High quality stocks and a strong and growing dividend stream are the foundation of our portfolios. These are typically global companies with strong financial characteristics, market leadership positions, and proven track records. Through our disciplined buy strategy, we try to avoid overpaying and thus enhance the possibilities for an above average long-term return. Our strategy is to further raise our clients' returns through selective investment in undervalued or out-of-favor stocks that offer high return opportunities over relatively shorter time periods. Custom managed products include large cap core growth, growth and income, energy and natural resources, high-yield and fixed income.

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. When we act as a third-party manager for a broker, custodian or trust company, the broker, custodian or trust company will instruct Cypress which investment strategy to employ.

Each client executes an Investment Policy Statement that documents their objectives and their desired investment strategy. The client may change these objectives at any time, by providing written notification to their advisor or Cypress.

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.

While we believe our research is thorough, clients must be prepared for the risk of loss. All investments in securities risk the loss of capital. In addition, we have identified other types of risk, such as:

- Risk that the stock market declines or the price of individual securities decline while the true long-term value of the company may be unchanged or possibly even higher.

- Our analysis does not prove correct.
- External events may negatively affect the value of a specific company.
- Fraud, where no amount of analysis could be sufficient.
- Time horizon: The time it takes to realize an investment may not match the time horizon of the client.
- Disasters: Unforeseen events (natural or man-made) such as war, earthquake, hurricane, industrial accidents, etc.
- Geopolitical risk, country or sovereign risk. In a global world, risks outside our borders may negatively impact an investment.
- Market Manipulation: The rules and supervision (or lack thereof) of rules of financial markets can represent risk to investors.

Finally, it must be stated that no list of potential risks can be exhaustive or all inclusive. In today's market environments, the risks of capital loss are substantial, varied, unpredictable and sometimes unidentifiable until after the fact.

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

CYPRESS ASSET MANAGEMENT, INC. is registered with the Securities and Exchange Commission (“SEC”) as a Registered Investment Advisor.

Affiliations

Cypress has material third party investment advisory relationships with the following brokers, custodians or trust companies: Raymond James Financial, Inc. and Kovack Securities. We serve at the behest of the broker, custodian or trust company, receive all investment allocation and investment strategy direction from the broker, custodian or trust company and take direction from them with regard to tax issues and issues of liquidity.

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

Code of Ethics

The employees of CYPRESS ASSET MANAGEMENT, INC. have committed to a Code of Ethics that is available for review by clients and prospective clients, upon request.

Participation or Interest in Client Transactions

CYPRESS ASSET MANAGEMENT, INC. and its employees may buy or sell securities that are also purchased, sold or held in our client accounts. Our Code of Ethics prohibits our employees from executing transactions in their personal accounts in advance of their trading in client accounts. Employees comply with the provisions of the CYPRESS ASSET MANAGEMENT, INC. Compliance Manual and Code of Ethics

Personal Trading

The Chief Compliance Officer of CYPRESS ASSET MANAGEMENT, INC. is Jeff Melloy. He reviews all employee trades on a regular basis, (typically at least monthly) to ensure employee compliance with the Cypress Code of Ethics. The Chief Compliance Officer's personal trades are reviewed by another principal of the Firm.

Item 12 - Brokerage Practices

Selecting Brokerage Firms

CYPRESS ASSET MANAGEMENT, INC. clients select their broker, custodian or trust company. Cypress will work with any entity to execute trades on behalf of the client. If asked, we will provide a list of prospective brokers so that the client can make an informed decision. Cypress does not receive any brokerage or transaction fees related to client trading. Cypress does receive research generated by the brokerage house in connection with the commissions.

Best Execution

CYPRESS ASSET MANAGEMENT, INC. conducts a best execution review of each custodian on a regular basis, but no less than annually. In addition, the trading fees incurred by each client are also reviewed on a regular basis, but no less than annually. CYPRESS ASSET MANAGEMENT, INC. does not receive any portion of the trading fees which are charged by the executing broker.

Soft Dollars

CYPRESS ASSET MANAGEMENT, INC. receives a software maintenance credit from Merrill Lynch. This credit offsets software and hardware fees in connection with the Firm's Bloomberg service. We believe that all clients benefit from this arrangement as it provides the investment advisor with more fundamental research and information. Clients should recognize that, by using client commissions to pay for research, Cypress receives a benefit that Cypress would otherwise have to pay for directly. In addition, Cypress may have an incentive to direct commissions to a particular broker based on our interest in receiving the hardware and/or software, rather than only being directed in each instance by our clients' interest in receiving most favorable execution. Commissions to pay for the soft dollar credit come only from accounts with the ability to trade away from a custodian. CYPRESS ASSET MANAGEMENT, INC. may also pay (with generated soft dollars) for a research piece Cypress receives from 13-D Research called "What I've Learned" as well as invoices received from Informa Investment Solutions, which is a software solution the Firm uses to update client performance data.

Directed Brokerage

In some cases, clients have instructed Cypress to direct their brokerage to a specific broker/dealer. In these cases, Cypress may not, nor is it obligated to, obtain best execution. Clients do not have to direct their brokerage. When we share a management fee with a broker who has hired Cypress to perform advisory services, we usually execute trades through that broker. By executing trades with that broker, we may be unable to achieve most favorable execution of client transactions and this practice may result in a client paying higher commissions than they otherwise would.

Item 13 - Review of Accounts

Periodic Reviews

Account reviews are performed on a regular basis by William L. Garwood, Jr., President and Frank P. Lee, Chief Financial Officer. Account reviews are performed more frequently when market conditions dictate.

Review Triggers

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

Regular Reports

Account reviewers are members of the Firm's Investment Committee. They are instructed to consider the client's current security positions and the likelihood that the performance of each security will contribute to the investment objectives of the client.

CYPRESS ASSET MANAGEMENT, INC clients receive periodic communications on at least a quarterly basis. The written updates may include a portfolio appraisal, performance report, and market commentary.

Item 14 - Client Referrals and Other Compensation

Cypress is a third-party advisor to brokerage firms and a trust company. Cypress is compensated by a portion of the advisory fee negotiated with the brokerage company and the trust company.

Cypress does not compensate others for referrals.

Item 15 - Custody

Account Statements

All assets are held at qualified custodians, and as such, the custodians provide trade confirmations, as the trades occur and account statements directly to clients at their address of record at least quarterly.

Performance Reports

Cypress may provide performance reporting to its clients, but is not obligated to do so. Any reports provided by Cypress should be considered as additional information provided to the client and not as a substitute for the information provided by the respective custodian(s). The information provided by the custodian(s), such as trade confirmation or account statements should be considered as the over-riding documents should there be discrepancies between those documents and information provided by Cypress

Item 16 - Investment Discretion

Discretionary Authority for Trading

CYPRESS ASSET MANAGEMENT, INC. accepts discretionary authority to manage securities accounts on behalf of clients. CYPRESS ASSET MANAGEMENT, INC. 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. Cypress may also accept client accounts in which it is not given this discretion. In such instances, Cypress will consult with the client prior to each trade.

The client approves the custodian to be used and the commission rates paid to the custodian. CYPRESS ASSET MANAGEMENT, INC. does not receive any portion of the transaction fees or commissions paid by the client to the custodian other than as described elsewhere in this brochure.

Limited Power of Attorney

A limited power of attorney is a trading authorization for this purpose. Each client that gives Cypress discretion will be required to execute a limited power of attorney so that Cypress may execute the trades without the client's prior authorization. This limited power of attorney does not permit Cypress to transfer either securities or money to or from the client's account. These actions require specific authorization from the client.

Item 17 - Voting Client Securities

Proxy Votes

The Firm does not to vote proxies with respect to proposals submitted for approval by shareholders of companies whose shares are held in client portfolios and to encourage clients to vote the proxies with a view to enhancing client awareness of the portfolio composition.

Item 18 - Financial Information

Financial Condition

CYPRESS ASSET MANAGEMENT, INC. 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 CYPRESS ASSET MANAGEMENT, INC. does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$600 per client, and six months or more in advance.

Part 2B of Form ADV: William L. Garwood, Jr. Brochure Supplement

1. Cover Page

William L. Garwood, Jr.
Cypress Asset Management, Inc.
4545 Post Oak Drive, Suite 205
Houston, TX 77027
(713) 512-2100

Date: Updated March 1, 2014

This brochure supplement provides information about William L. Garwood, Jr. that supplements the Cypress Asset Management, Inc. brochure. You should have received a copy of that brochure. Please contact Jeff Melloy if you did not receive Cypress Asset Management, Inc.'s brochure or if you have any questions about the contents of this supplement.

Additional information about William L. Garwood, Jr. is available on the SEC's Web site at www.adviserinfo.sec.gov.

William L. Garwood, Jr.

Educational Background:

- DOB: 01/11/1957:
- Princeton University 1975-1979 BBA History
- University of Texas at Austin School of Law 1979-1982 JD
- University of Texas at Austin 1985-1987 MBA

Finance/International

Business

Business Experience:

- Cypress Asset Management, Inc. – Investment Principal/Director (1996 – Present)
- Fayed Sarofim & Company – Vice-President (September 1988 – February 1996)
- Graves, Dougherty, Heaton & Moody – Business Law (1982-1985)

Disciplinary Information: None

Other Business Activities: Member State Bar of Texas, Trustee – Clayton Fund, Trustee ECG Foundation, Trustee Houston Grand Opera

Additional Compensation: None

Arbitration Claims: None

Self-Regulatory Organization or Administrative Proceeding: None

Bankruptcy Petition: None

Part 2B of Form ADV: Frank P. Lee Brochure Supplement

1. Cover Page

Frank P. Lee
Cypress Asset Management, Inc.
4545 Post Oak Drive, Suite 205
Houston, TX 77027
(713) 512-2100

Date: Updated March 1, 2014

This brochure supplement provides information about Frank P. Lee that supplements the Cypress Asset Management, Inc. brochure. You should have received a copy of that brochure. Please contact Jeff Melloy if you did not receive Cypress Asset Management, Inc.'s brochure or if you have any questions about the contents of this supplement.

Additional information about Frank P. Lee is available on the SEC's Web site at www.adviserinfo.sec.gov.

Frank P. Lee

Educational Background:

- DOB: 09/05/1957
- Dartmouth College – 1975-1979 BBA History
- University of Texas at Austin – 1981 -1983 MBA Finance

Business Experience:

- Cypress Asset Management, Inc. – Investment Principal/Director (1996 – Present)
- Fayez Sarofim & Company – Vice President/Portfolio Manager/Equity Analyst (June 1983 – February 1996)
- Chemical Bank, New York – (1979 – 1981)
- Chartered Financial Analyst, Member – Association for Investment Management & Research

Disciplinary Information: None

Other Business Activities: Former Member: Investment Committee Juvenile Diabetes Research Foundation

Additional Compensation: None

Arbitration Claims: None

Self-Regulatory Organization or Administrative Proceeding: None

Bankruptcy Petition: None