



FORM ADV PART II BROCHURE

Fredric E. Russell Investment Management Co.

Item One: Cover Page

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This brochure contains relevant information about Fredric E. Russell Investment Management Co.'s qualifications and business practices. If you have any questions regarding the content of this brochure, please feel free to contact us through phone at (918) 743-5959 or email at fer@ferimc.com.

Please note that the information contained herein has not been approved or verified by the United States Securities and Exchange Commission (S.E.C.) or any state securities investment authority. You may find additional information about Fredric E. Russell Investment Management Co. on the S.E.C.'s website at www.adviserinfo.sec.gov.

Cathy Karney
cathy@ferimc.com



Item Two: Material Changes and Disclosures

Our firm has made some updates since our last brochure update on March 30, 2023. We have increased our assets under management to \$158 million and added new sections to our website, including a commentary section, our Client Relationship Summary (CRS), Form ADV Part 2 Brochure, and our Privacy Policy and Notice.

Please note that we may update this brochure at any time. In case of any significant changes, we'll send the revised brochure to all clients electronically or via email. You can also find our brochure online at www.ferimc.com or on the SEC's Investment Adviser Public Disclosure website. Go to <https://adviserinfo.sec.gov/>, select the "FIRM" tab, and enter CRD # 108886 or SEC # 801-30601 to access Form ADV Part 1 and Part 2a of the firm's brochure. Additionally, we'll send a summary of any material changes to this brochure and subsequent brochures within 120 days of December 31, the end of the calendar and fiscal year.



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Item Four: Advisory Business

The Fredric E. Russell Investment Management Co. is an investment management firm that serves the Aspen and Denver areas in Colorado, as well as Tulsa and Oklahoma City in Oklahoma. The firm was established in 1987 by Fredric E. Russell, who is the founder and sole shareholder of the company. Mr. Russell was born on February 17, 1944, in New York City. He attended public school in Manhattan until eighth grade and then graduated from Deerfield Academy in Massachusetts in 1961. He further pursued his education at Swarthmore College in Pennsylvania and earned his MBA from Washington University in St. Louis. Mr. Russell taught accounting at Eastern Michigan University, Sam Houston State University, and Montana State University, and passed the Uniform Certified Public Accountant Examination in 1979. He later became the Chief Investment Manager in the Fourth National Bank of Tulsa Trust Department.

The Fredric E. Russell Investment Management Co. follows a uniform investment strategy, similar to a mutual fund, for managing all client accounts. The firm's entire portfolio, consisting of up to thirty common stock positions, is owned by clients who have signed their investment contract, and is managed by Fredric E. Russell Investment Management Co. In addition, any required minimum distributions from investment retirement accounts can be disbursed monthly, quarterly, or annually.

The company does not participate in wrap fee programs.

As of March 1, 2024, the Fredric E. Russell Investment Management Co. manages \$158M of client assets on a discretionary basis, representing one hundred percent of their assets under management.

Item Five: Fees and Compensation

We want to clarify that our company is not a broker or wealth manager. We specialize in a narrow area of the investment industry with one style, as described in item two above. Although the Securities Exchange Commission considers us an investment advisory firm, we offer very limited advising, and this term is often misunderstood. We do not advise clients on asset allocation or which company to buy or sell.

If a client wishes to manage some of their assets, they can choose a broker or custodian. In such cases, we will have no financial interest in these assets or responsibility for them. Investing in common stocks involves significant risks, and we do not wish to confuse this issue by offering different companies to clients with the erroneous implication that some companies have less risk than others. The stock market is often challenging, and we want our clients to understand and respect this reality from the outset. Based on our experience, we must have complete discretion over a client's portfolio. Therefore, our firm has discretionary control over what to buy, when to buy, and when to sell.

If a client decides to hire us, we invest their money in the same securities as other clients own. Our specialty is investing in a small number of companies with a maximum of thirty positions. This maximum provides diversification and allows us to focus our research efficiently and energetically. This is not a novel concept, but a misleading term based on common sense. Above all, we are specialists managing a diversified portfolio: this is all we do. We do not sell annuities, life insurance, or other financial products. We use companies such as Charles Schwab to execute and hold client securities.



FREDRIC E. RUSSELL INVESTMENT MANAGEMENT CO.

Our firm is compensated for its advisory services by charging 1.00 percent of the account's market value per annum, billed 0.25 percent at the end of every quarter. Clients only incur this fee through our firm, except for the nominal fees that a broker or custodian may charge.

Fredric E. Russell Investment Management Co. reserves the right, in its sole discretion, to negotiate, reduce, or waive the advisory fee for certain client accounts for any period determined solely by our Chief Executive Officer.

When a client opens an account under our management, they must authorize us to debit the investment account through the custodian each quarter for our management fee or mail us a check for the management fee every quarter. We can send a paper copy of this notice through regular mail or email if the client chooses this payment option.

Our clients incur no other advisory fees or expenses through our firm. However, some commissions and fees occur when a trade is placed through a broker or custodian, such as Charles Schwab. We review these on a per-trade basis and deem them reasonable and competitive. Clients do not pay any fees in advance. We prorate management fees for client accounts if the account is not under our management for the entire quarter, for instance, when the client first opens the account. In such cases, we calculate a prorated fee, which is simply the fee for the entire quarter divided by the number of days in the quarter and multiplied by the number of days the account was under our management. A similar calculation is made if a client decides to leave the firm. We take the total number of days in the current quarter that the client was under our management, divide that by 90 days, and multiply by the standard quarterly rate of 0.25 percent. The termination fee mentioned in our contract of \$500 can be waived if both parties agree to the termination.

Our firm does not accept compensation for selling securities or other investment products.

Fees are not charged in advance and are deducted from clients' accounts each quarter as follows: fee rate multiplied by the net market value of the client's account as of the close of trading on the New York Stock Exchange ("NYSE") (herein, "close of markets") on such day or as of the close of markets on the immediately preceding trading day for any day when the NYSE is closed, and then divided by 365 (or 366 in any leap year).

Our fee is a percentage of the client account's market value as of the close of business on the last day of the calendar quarter. We do not charge hourly or flat-rate fees.

Item Six: Performance-Based Fees and Side-By-Side Management

We do not calculate fees based on the performance of an account, as we have explained in Item five (5) above.

Item Seven: Type of Clients

Our clients are primarily high-net-worth individuals. We require \$250,000 to open an account. We manage Individual, Joint, Individual Retirement Accounts (I.R.A.s), Trust, L.L.C., and Self-Directed 401(k) accounts.

Item Eight: Methods of Analysis, Investment Strategies, and Risk of Loss

Our team conducts thorough research by utilizing both quantitative and qualitative analysis processes. We begin by identifying companies that catch our interest and proceed to study their Securities and Exchange Commission 10k filings, press releases, balance sheets, and financial ratios.



If a company meets our standards, we scrutinize it further and prepare questions for a call with its top executives. These calls are usually an hour long and involve multiple probing questions. Additionally, Fredric E. Russell may visit the company's headquarters and meet with executives to observe the company in action.

We are committed to long-term investments and only invest in companies that we believe will perform well for years to come. However, the strength of a company with a competitive advantage may decline or increase over time. Thus, we periodically review our portfolio and sell companies that we no longer believe will provide a good return for our clients.

We invest only in United States common stocks, publicly traded companies headquartered in the United States, and United States Treasury Notes. Although many of the companies in our portfolio have significant international operations, they are exposed to global risks, including currency exchange rates and the political stability of the countries where they operate.

We limit our portfolio to a maximum of thirty companies at any given time. However, we must inform our clients that investing in securities carries various risks, some of which we will outline below, but by no means is the list exhaustive.

When compared to high-grade fixed-income securities, common stocks usually have a higher price volatility and show greater price appreciation. Nevertheless, there is no guarantee that the total annual returns on common stocks purchased for the portfolio, individually or as a group, will exceed or match those produced by high-grade fixed-income securities such as US government debt issues. Similarly, there is no guarantee that US government fixed-income securities or any fixed-income security purchased for the portfolio during any given period will experience less volatility than common stocks, including those that may be purchased for the portfolio.

It is essential to note that historical patterns of risk in any asset class, whether measured by price volatility or any other measure of risk or return, may not be maintained or repeated. Stock prices may decline sharply and recover for shorter periods. For example, in 1929, large-capitalization stocks fell 8.5%, in 1930 they declined a further 24.9%, and in 1931, they dropped by a staggering 43.34%. If an investor had taken positions in large-capitalization stocks in 1929, they would not have recovered their capital or broken even until 1937. Similarly, if investors had taken positions in the Standard & Poor 500 stocks in March 2000, they would have recovered their capital and broken even in July 2007 after a decline of over 50%.

The firm cannot eliminate unique (specific asset), or systemic (market) risk associated with common stocks. However, the firm will attempt to diversify these risks, but there is no guarantee that the firm will do so. Additionally, the firm may eliminate fixed-income securities' interest rates and credit risk. However, the portfolio is always subject to realized and unrealized losses in any asset class. Clients must be aware of these risks and be financially prepared to incur them. They are also responsible for notifying the firm of any changes in their risk profile, such as changes in net worth, current income needs, health, or other factors.

Circumstances such as retirement or layoff affect investment suitability and the portfolio's asset allocation. The firm will not be liable for any portfolio management under this agreement in case of any change in the above circumstances unless the client brings them to our attention. The firm has no duty to make these inquiries concerning these circumstances.



The client must understand that formulating the equity strategy is subjective. There is no universal or objective agreement on weighing competitive advantages discussed in a company's marketing literature, including its brochure. Additionally, competitive advantages are not guaranteed to be perpetual or last for a specified time. The equity universe is vast, and the firm may purchase some issues without pronounced competitive advantages; however, they are still sound investments in the firm's opinion.

Finally, the firm will not be held responsible for any losses in the portfolio if the investments were made in good faith and in compliance with the fiduciary standards of ERISA (Employee Retirement Income Security Act of 1974).

Item Nine: Disciplinary Information

The Fredric E. Russell Investment Management Co. has never faced any legal or disciplinary actions.

Item Ten: Other Financial Industry Activities and Affiliations

The Fredric E. Russell Investment Management Co. does not have any other affiliations or activities in the financial industry.

Item Eleven: Code of Ethics, Participation, or Interest in Client Transactions & Personal Trading

The Fredric E. Russell Investment Management Co. has a Code of Ethics that outlines ethical behavior regarding insider information, personal securities trading, privacy, internal controls, and written compliance procedures, among other things.

Every employee of the Fredric E. Russell Investment Management Co. is provided with a copy of the Code of Ethics upon starting their employment. The code is reviewed and updated annually as needed, and new versions of the code are distributed to all employees.

The firm can provide a copy of its Code of Ethics to any client or prospective client upon request.

Employees at the Fredric E. Russell Investment Management Co. are not permitted to recommend that clients buy or sell any securities in which the company has a significant financial interest.

The Code of Ethics prohibits any employee involved in trading decisions from initiating short positions in fixed-income securities or common stock when any client has a long position in either type of security or vice versa.

If the firm is purchasing securities and an employee wants to have a position in that security, the price allocated to the employee must be equal to or higher than the average price paid by clients when buying a given security. Similarly, if the firm is selling securities and an employee wants to sell part or all of their position, the price allocated to the employee must be no greater than the average price received by clients on the date of sale.

Employees involved in investment decisions may not participate in private placements or initial public offerings.



Item Twelve: Brokerage Practices

The Fredric E. Russell Investment Management Co. uses Charles Schwab & Co., Inc. as the broker-dealer for all trades in the client account. We may use additional brokers and custodians in the future.

Trading can be done either through the Trading Desk in Phoenix, Arizona, or the Schwab Institutional Web Trading Applet. We periodically review Schwab's asset management and advisory services with their closest competitors. Schwab has been consistently competitive in cost to ensure that our clients get the best price for this service.

The Fredric E. Russell Investment Management Co. receives no soft dollar benefits or client referrals from a broker-dealer or a third party.

The firm requires that clients use Charles Schwab & Co., Inc. as the custodian and broker for client accounts. Not all advisers need their clients to use a specific custodian and broker. The firm and Charles Schwab & Co., Inc. are not affiliated and have no economic relationship, which creates a material conflict of interest. In other words, Schwab does not pay us to make you use them. We get excellent service for a reasonable price, and using one custodian and broker-dealer for all client accounts allows us to manage your money. Our Schwab trading team knows the firm and our investment strategies and style, which helps minimize costly trading errors. Schwab interfaces well with our Advent portfolio management software. We know the reports we run using this software are accurate and can be used for investment activity.

Our Schwab support team manages our requests and concerns speedily. Clients can access their accounts online at www.schwab.com and contact Schwab Alliance with any questions or concerns.

We aggregate the purchase and sale of securities for all client accounts. This strategy allows all clients to receive the average price paid for or obtained from the day's trading in the security, rather than some clients receiving a higher or lower price than others.

Fredric E. Russell and the firm's portfolio manager continuously monitor our clients' portfolios.

Partial fills occur with limits on the number of shares allocated to all accounts. Sometimes, when a stock is ordered, its volume throughout that day is so low (and the order so high) that partial fills run to the end of the day.

The number of common securities traded across clients will vary greatly on any given day. When possible, Fredric E. Russell Investment Management Co. utilizes software programs to enhance its trading efficiency, including aggregating or blocking trades in securities across clients. Upon execution, the pricing of such secured trades is averaged and proportionately allocated among the corresponding client accounts. Given the average trade size and depth of the market for such securities, the firm's execution of aggregated trades is expected to have minimal impact on pricing. The allocation statement will be allocated among clients if the aggregated order is filled. If the order is partially filled, it will be assigned to clients alphabetically from A to Z. If we purchase or sell more on a subsequent day, we will give Z-A to ensure allocation fairness.



Item Thirteen: Review of Accounts

We may conduct a review of all client positions in a particular security for various reasons, such as when a company reports earnings. In such a case, we might check accounts that are overweight or underweight or have a significant gain or loss on the security.

Both Fredric E. Russell and the Senior Portfolio Manager are responsible for reviewing client portfolios. They check daily cash and unrealized gains and losses reports, which summarize account performance, balances, and holdings. Clients can access their accounts through Schwab Alliance and receive monthly statements from Schwab.

The CEO, Fredric E. Russell, is responsible for conducting reviews and making all final investment decisions for the clients.

Item Fourteen: Client Referrals and Other Compensation

The Fredric E. Russell Investment Management Co. is sustained by quarterly management fees from their clients.

Item Fifteen: Custody

The Fredric E. Russell Investment Management Co. does not hold any client funds or securities. Instead, Charles Schwab & Co., Inc. holds all client funds and securities except for accounts assigned to two legacy clients, which are held at the Bank of Oklahoma. The custodians send monthly statements to the clients via electronic or paper mail, based on the client's indicated preference. It is important for clients to carefully review these statements to ensure accuracy.

Item Sixteen: Investment Discretion

When a client opens or transfers an account to Fredric E. Russell Investment Management Co., they sign a form provided by Charles Schwab & Co., Inc., who is the custodian of the account. This form grants Fredric E. Russell Investment Management Co. limited power of attorney over the account. This allows the firm to trade in equities and fixed-income securities without any restriction on investment decisions for its clients. The following are the investment authorizations granted by the client to the firm:

- The client authorizes the firm to invest in U.S. common stocks and U.S. government obligations at the firm's discretion. There is no percentage limitation for these two categories.
- To invest in the portfolio, the firm may use any cash held. This cash may arise from dividends, interest, cash deposits, and the sale of securities in the portfolio. The firm may purchase and maintain any security, but it should not exceed 8% of the client's total account value.
- The client authorizes the firm to buy and sell orders or investment instructions as it sees fit for the portfolio and gives investment and settlement instructions.
- The firm will use Charles Schwab & Co., Inc., and other firms as brokers and custodians for the account. By using Charles Schwab & Co., Inc. to effect brokerage services for the client, the firm can negotiate block or professional investment or trading privileges for its clients and link its Advent software system that generates performance reports for the portfolio.



Item Seventeen: Proxy Voting Client Securities

Fredric E. Russell Investment Management Co. or Fredric E. Russell personally votes only for the assets owned directly by them, and not for the clients' assets. The clients will receive their proxies or other solicitations directly from their custodians. If clients have any doubts about a particular solicitation, they may call the firm, but we cannot guarantee that we will advise them on any specific solicitation.

Item Eighteen: Financial Information

The Fredric E. Russell Investment Management Co. does not demand or request any prepayment of client fees. The company has the power to make decisions regarding client funds and securities. It is important for the company to have knowledge of any potential financial situations that could hinder its ability to fulfill its contractual obligations to clients. The company has never been involved in a bankruptcy case or lawsuit.

Item Nineteen: Privacy Policy and Notice

We at Fredric E. Russell Investment Management Co. (FERIMC) have implemented policies and procedures to safeguard the nonpublic personal information of all our clients. Our priority is maintaining your trust and confidence in our firm; protecting your personal information is critical to our commitment. This Privacy Policy and Notice have been established to ensure that information about our and prospective clients is treated appropriately. We do not disclose any personal information to anyone outside of FERIMC unless it is a fully vetted third-party service that assists us. Additionally, we do not allow client information to leave our office, and all files are locked, secured, or shredded, if applicable.

This notice is relevant if you are a current client or have been contacted about our services. It describes our practices and policies regarding the handling of your information. The personal information that we collect, maintain, and disclose includes personally identifiable financial information about you that we obtain in connection with providing financial services to you, including:

- Information that you provide us to open an account (such as your address, phone number, and financial information).
- Information we generate to service your account (such as trade tickets and account statements).
- Information about your transactions with us; and
- Information we may receive from third parties regarding you or your account (such as trade confirmations from Schwab or information from consumer reporting agencies).

We regard nonpublic personal information as data that includes your name, address, telephone/fax numbers, e-mail addresses, Social Security number, assets, income, investment objectives, risk tolerance, account numbers, account balances, transaction history, beneficiary information, bank account information, credit card information, as well as any health and medical information.

We may share nonpublic personal information with non-affiliated third-party providers that assist us in servicing your account. These parties may include financial service providers (such as companies that perform services on our behalf, including compliance regulators and portfolio management software assistance), non-financial companies (such as our technology consultants who assist us in maintaining our computer systems), and other non-affiliated third parties to whom disclosure of nonpublic personal information is permitted by law (such as the Internal Revenue Service for tax purposes).



FREDRIC E. RUSSELL
INVESTMENT MANAGEMENT CO.

We only share your nonpublic personal information as current federal and state statutes and regulations permit. We will not share your nonpublic personal information with non-affiliates. If you close your account(s) or become an inactive client, we will adhere to this Privacy Policy concerning your nonpublic personal information. Nonpublic personal information about former clients will not be treated differently from our current clients' information.

To protect your personal information, we take several measures. We ensure that client and company-related information remains confidential and that our staff refrain from discussing client relationships outside the office. Physical client files are organized, secured, and locked safely. Employees keep client-specific information from the plain sight of office visitors.

We do not disclose any detailed "personally identifiable information" to any individual, group, or reporting agency without the client's consent, except where required by law or whenever deemed necessary to transact business on behalf of the client. FERIMC operates a cloud-based work environment.

If you have any questions about our privacy policy, please contact the firm's chief compliance officer.