

**Schedule F of  
Form ADV**

**Continuation Sheet for Form ADV Part II**

Applicant:	SEC File Number:	Date:
Taylor Stephens, Inc.	36896	9/22/2009

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Taylor Stephens, Inc.	IRS Empl. Ident. No.: 75-2320642
<b>Item of Form</b> Answer	

**Item 1. D**

**INVESTMENT ADVISORY PORTFOLIO SERVICES**

Advisor offers discretionary portfolio management services. The investment programs offered include the management of client portfolios with appropriate investment strategies and securities portfolios based on the individualized investment needs of the client. The services include the following:

1. Review competitive rates of return from eligible investments regarding the timely investments and reinvestment of Client funds.
2. Make timely investments, as specified in Section 11 of this Agreement, with the primary objective of obtaining the superior earnings.
3. Furnish safekeeping receipts from depository institutions on all investments.
4. Prepare and submit to the Client a quarterly statement of individual investments.
5. Provide other services as requested by Clients.

**FEES:**

All clients are charged investment advisory fees per the schedule below. Investment advisory fees may be negotiated. No additional investment advisory fees will be charged to the customer. These fees are subject to changes. Any changes will be forwarded to the client in writing. Investment advisory fees are not charged on client directed trades or unmanaged securities (i.e. securities transferred in with client instructions not to sell; thus, those assets will be carved out of assets under management computation.

Asset Management for Client Accounts with Aggregate Values Exceeding \$500,000

Minimum \$25 per calendar quarter or .25% of assets under management.

Reduced fee for bonds of .125% of assets under management.

Special Services:

Quotes available on an hourly or flat fee basis depending upon the service.

Asset Management for Client Accounts with Aggregate Values Less than \$500,000

Minimum \$25 per calendar quarter or .375% of the first \$50,000, .312% of the next \$50,000, and .25% thereafter of assets under management.

Special Services:

Quotes available on an hourly or flat fee basis depending upon the service.

When calculating the average daily balance, values are accumulated on each day of the period where an asset is non-zero. The accumulation is then divided by either the total number of days the asset's units balances was non-zero in the period or by the total number of days in the report date range. If the asset is held less than a whole period, the accumulated value is then prorated by multiplying the number of days in the period the asset was held divided by the total number of days in the period. The average asset balances are then summed to obtain an average daily balance for the portfolio. Prices of securities are typically based upon the closing price of the exchange in which the security is traded. However, for thinly traded securities, Advisor will use the most current bid price.

For any portfolios which include assets invested in investment company funds or held in money market funds, the

investment company or money market funds may charge management fees for all funds invested therein. Any fees charged by the investment company or money market funds would be in addition to any fees charged by Advisor.

Client may choose to have their fees deducted from their account or be invoiced for all fees due to Advisor. Clients who elect to have fees deducted from their account will be notified in connection with a communication included in their quarterly performance report. Payment of fees invoiced to client shall be made within thirty days of invoicing.

Advisor will recommend to clients that S&P Investors, Inc. be used for execution of trades for the benefit of client accounts; however, clients may request that trades be executed with any institution that they may choose. Advisor will charge a \$20.00 fee to cover its administrative costs in the event trades are executed other than with S&P Investors, Inc. It is anticipated that executions through other institutions may be requested in some instances in order to obtain lower transaction costs and it is intended that Advisor's administrative costs will not create a higher margin of overall costs in such instances.

There is no guarantee that the advisory services offered will result in the clients' goals and objectives being met. Nor is there any guarantee of profit or protection from loss.

Client acknowledges receipt of Part II of Form ADV, a disclosure statement containing the equivalent information, or a disclosure statement containing at least the information required by Schedule H of Form ADV if the client is entering into a wrap fee program sponsored by the Advisor. If the appropriate disclosure statement was not delivered to the client at least 48 hours prior to the client entering into any written or oral advisory contract with Advisor, the client has the right to terminate the contract without penalty within five business days after entering into the contract. For purposes of this provision, a contract is considered entered into when all parties to the contract have signed the contract, or in the case of an oral contract, otherwise signified their acceptance, any other provisions of the contract notwithstanding.

#### **TERMINATION:**

Initially, Client may terminate the Advisory Agreement within five (5) days from the date it is entered into upon written notice and all fees, if any, paid by client shall be refunded. Thereafter, either party may terminate the Advisory Agreement upon five (5) days written notice to the other by certified or registered mail. Fees refunded to the client after the initial five day cancellation period will depend upon the amount of work performed by Advisor on client's original financial plan, update or specific matter as the case may be.

#### **PROXY VOTING POLICY:**

Advisory does not vote client proxies and has instructed its Custodian to forward all proxy material directly to the Client. Advisor shall forward to the Client or the Advisor(s) for an employee benefit plan covered by ERISA, unless the plan's trust agreement provides otherwise, any proxy materials it receives that pertain to the assets in Client's account.

#### **TRADE ALLOCATION POLICY:**

Accounts for Advisor are governed by the principle of fair allocation of investment opportunities. Trades are allocated on a basis believed to be fair and equitable, with no Client receiving preferential treatment over any other. Trade allocations are typically executed in a firm wash account at an average price basis and then allocated to individual customer accounts. On occasion, Adviser may allocate trades directly to individual Client accounts rather than through the firm wash account for execution purposes. Such situations may include but are not limited to transactions for thinly traded stock positions, options prohibited, newly established accounts, special needs of a client, or as may be directed by a client.

#### **Item 5.**

#### **5. EDUCATION AND BUSINESS STANDARDS**

Advisor has no formal standard of education or business background with respect to future personnel having

duties or responsibilities relating to advisory services; however, such persons generally have a college degree and/or sufficient experience to complement their activities with Advisor.

**Item 6.**

**6. EDUCATION AND BUSINESS BACKGROUND**

**WILLIAM K. BRINSON**

Date of Birth: February 10, 1946

Education:

U.S. Air Force Academy, Colorado Springs, CO

The American College, Bryn Mar, PA

Kilgore College, Kilgore, TX

R.L. Turner High School, Carrollton, TX

Business Background:

S&P Investors	2000 to present	Registered Representative
Taylor Stephen, Inc.	June 2007 to present	President
Taylor Stephens, Inc.	1990 to present	Director/Secretary
Guardian Insurance	2000 to present	Field Underwriter
A. Cole Stephens & Assoc.	1977 to present	Chairman/President
Self Employed	1969 to present	Independent Insurance Agent
Amerus Life Insurance	2003 to present	Field Underwriter
Private Brokers Clearing Corp.	1998 to 2000	Registered Representative
MONEY Financial Services, Inc.	1969 to 1998	Field Underwriter
MONEY Sales, Inc.	1971 to 1989	Registered Representative
Fetterman Investments, Inc.	1991 to 1998	Registered Representative
H. Beck, Inc.	1989 to 1991	Registered Representative

**JOHN A. TAYLOR**

Date of Birth: July 20, 1937

Education:

University of Texas, El Paso, TX 1959 MBA

Business Background:

Taylor Stephens, Inc.	June 2007 to present	Chairman Emeirtus/Director
Taylor Stephens, Inc.	1994 to June 2007	President/Director
S&P Investors	2000 to June 2007	Registered Representative
Private Brokers Clearing Corp	1998 to 2000	Registered Representative
Johnson Higgins	1989 to 1994	Vice President
Tomlin Properties	1982 to 1989	President
Mercantile National Bank	1962 to 1982	Executive Vice President

**Item 7. A.**

One of the principal officers, William K. Brinson, is engaged in other activities involving insurance as a field underwriter. Mr. Brinson spends approximately 5% of his time on activities outside of Taylor Stephens, Inc.

**Item 7. B.**

Mr. Brinson is also a registered representative with S&P Investors. Mr. Brinson spends approximately 5% of his time on activities outside of Taylor Stephens, Inc.

**Item 8. C. (9)**

Mr. William Brinson is a licensed agent/field underwriter in Dallas, Texas. If a client purchases an insurance policy through Mr. Brinson, commissions may be received from insurance sales.

A possible conflict of interest may occur since Mr. Brinson receives fees based upon the investment advice he provides and the commissions he receives from the securities and insurance products he may recommend to clients to implement their plans.

**Item 9.****Code of Ethics**

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

**Item 9. B/9.E.**

A principal of Advisor may act as a broker or agent in effecting securities transactions for compensation for a client. The activities and compensation of any related persons would be fully disclosed to the client and to Advisor. Any such activities must be approved by Advisor before being entered into by any related persons. Information concerning compensation will be available in the offering document or prospectus or from the agent. Securities transactions will only be made based upon agent registrations with S&P Investors, an NASD/SEC and state licensed broker/dealer, not their employment with Advisor. The activities will be disclosed to the client via the Investment Advisory Agreement.

The disclosure statement that every client signs, clearly states that the registered representative may receive commissions as well as fees. The only restrictions exist via the supervision of the representatives by the broker/dealer.

In the unlikely event that interests of the Advisor (or an associated person's) account would happen to correspond with an advisory Client's interests, full disclosure would be made to such client at once.

**Item 12. A.**

Advisor has clients who have signed a "Limited Trading Authorization Without Privilege to Withdraw Money and/or Securities" form.

**Item 12. B.**

In most cases, Advisor will recommend that S&P Investors ("S&P") execute trades recommended to Clients. The Advisor generally will seek competitive commission rates through S&P but will not necessarily attempt to attain the lowest possible commission for transactions for the clients' accounts. Commissions and transactions costs may be higher through S&P than those charged by other broker/dealers. Thus, clients will in some cases be paying higher commissions and transactions costs for executing transactions through S&P vs. through other executing broker/dealers and in most cases, executing those same transactions through a discount broker/dealer. Although the commissions and/or transaction fees paid by Advisor's clients shall comply with Advisor's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Advisor determines, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Advisor will strive to seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions.

**Item 13. A.**

Advisor's associates are registered representatives with S&P Investors. In such capacity, associates may sell securities through S&P Investors and receive commissions as a result of such purchases and sales as have been negotiated as between Advisor and S&P Investors on a fully disclosed basis. These commissions and/or transaction costs are costs to Clients exclusive of and in addition to Advisor's fee. This presents a conflict of interest to the extent associates recommend that a client invest in a security which results in a commission being paid to the associate in addition to the investment advisory fee which may in turn result in higher overall transaction costs paid by Clients.