



(FORM ADV PART 2 BROCHURE)

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**At Cypress we enjoy long-term partnership with a select group of clients to assist them in realizing their life goals and aspirations. We manage their investments so they can focus on what really matters in their lives.**

This brochure provides information about the qualifications and business practices of Cypress Praxis, LLC (DBA: Cypress Asset Management). We have designed this brochure to ensure that all the SEC requirements in its design are addressed. Please let us know of any suggestions, corrections, or other feedback. If you have any questions about the contents of this brochure, please contact us at the numbers above or email us at “[info@cypressassetmanagement.com](mailto:info@cypressassetmanagement.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 is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Cypress is 111716<sup>1</sup>. Cypress is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

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<sup>1</sup> *Additional information about Cypress also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

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## **Advisory Business**

Cypress Asset Management was founded in 1992 by Monib Khademi to offer discretionary investment advisory and Financial Consulting services to individuals and high net worth families. Cypress is exclusively owned and operated by Monib Khademi.

Cypress offers discretionary Portfolio Management and Investment Planning for individuals and families. Policy-making and asset allocation are the critical factors that influence an investment program's long-term results. They are the means by which one establishes direction, investment programs and controls how they are to be managed. Cypress uses its models to develop asset allocation recommendations that reflect each individual's unique financial and investment circumstances. At Cypress we consider that investor behavior is as important as investment behavior, hence we focus a great deal of our attention on educating our clients and incorporating their concerns and preferences in the design and management of their portfolios. We combine the quantitative aspect of investment advice with the qualitative aspects of our humanity including our fear, greed, anxiety in the face of uncertainty. For us there is an art and science to investment advice, which we continue to evolve and improve over time. For this reason we only work with a select group who consider our approach is of value to them.

Cypress Asset Management draws upon ongoing capital markets research and policy modeling capabilities to develop strategic policy advice. We use investment material and research from major US and international institutions, combined with our meetings and travels in US and internationally in conducting our work. We favor uncomplicated investment structures that incorporate appropriate risk control measures. Our strategies are implemented with effective combination of investment vehicles including no-load mutual funds, ETF's and at times individual securities. For active investments their managers are monitored including analysis of their performance and portfolio characteristics, as appropriate. The goal of our monitoring process is to assess factors that impact performance including stability, and consistency of investment approach. We also monitor the broader economic and political dynamics that influence investments.

We work with our clients to develop investment objectives that reflect their risk tolerance and recognizing their liquidity needs while providing for the level of asset class diversification needed to meet their investment needs and goals. We focus on the allocation of funds among various asset classes to develop a sensible combination of favorable long-term after-tax return with risk control, inflation protection, liquidity, and flexibility. We work with each client to implement their asset allocation decisions in a way that maximizes the likelihood of meeting their investment objectives. We summarize our Investment Approach, Process and Management as follows:

**Investment Approach:** The classical Greek term Praxis, a word for action or activity, best describes our firm's approach. Praxis refers to practice that is informed by theory and theory that is informed by research and practice. Our firm combines the latest in investment theory and research with a disciplined process to help our clients preserve, grow and manage their wealth. Despite the quickened pace of modern life, we view investing as an organic process that takes time to mature, sprout and bear fruit. In addition to investment performance, we consider an investor's behavior to have a major impact on the management of his/her portfolios. The way one frames one's financial issues, one's expectations for outcomes, and tolerance and ability to withstand market volatility influences the performance of one's portfolios significantly.

**Investment Process:** Our firm utilizes a proprietary process Strategic Portfolio Design™, which

begins by conducting a "Financial Check-up" with a detailed inventory of your finances and experience. We then develop your individual financial profile, which outlines your financial needs and goals. After conducting our Risk Assessment and Risk Tolerance Analysis, if needed then a customized Investment Policy and Plan is developed. Our process is a collaborative and often iterative process; we may start from the intended future and build to the present with a road map of how to get there. This collaborative design process allows us to develop and execute a specialized plan for each client. Our individual portfolio construction is based on Core/Satellite Portfolio structure, utilizing tax-managed indexing. We view ourselves as a manager of other managers on your behalf. In addition we may select individual securities from time to time. For taxable accounts we use active tax management and tax loss harvesting strategies. While no one can predict the future with reliability, we often conduct simulations and sensitivity analysis to account for many possible outcomes and their impact on your financial well-being.

**Investment Management:** Account performance is regularly monitored and adapted as circumstances in the world and your life evolve. We manage for compliance with your goals and/or Investment Policy, control risk, and evaluate the underlying investments for minimizing expenses and optimizing after-tax investment returns. We find robust and sustainable solutions that we can improve upon over time to account for you and your family's individual circumstances.

At Cypress no two client accounts are exactly the same. Each account is tailored to meet the individual client's requirements, preferences and any restrictions the client imposes. We consider that investor behavior is as important as investment behavior. Hence, we encourage our clients to stay in touch with us, so their investments meet their current needs.

In addition our Client's may place additional limits on the types of investment we may make for them. However, we not engage in or offer "Wrap Fee" programs. Cypress only manages client assets on a discretionary basis. As of 12/31/2010 Cypress managed more than \$40.9 Million of client assets on a discretionary basis. In addition Cypress provides Financial Consulting services to clients with significant assets.

## ***Fees and Compensation***

Upon signing the Investment Advisory Agreement, each client will receive a copy of Form ADV Part II Brochure and shall have five business days to unconditionally rescind the Agreement. Either party may terminate the Agreement by giving Thirty-Day written notice to the other party of such termination. Fees paid in advance hereunder (other than the set-up fee) will be prorated to the date of termination specified in the notice of termination and any unearned portion thereof will be refunded to the undersigned or credited against amounts due Cypress by the undersigned.

Cypress offers Strategic Portfolio Design™, investment advisory service and financial consulting service to its clients. As consideration for its investment advisory services Cypress will be paid a quarterly advisory fee based on the following annual formula:

- 1.25% of the first \$500,000 of the Net Asset Value ("NAV") of the managed account(s),
- 1.00% of the next \$500,000 of the NAV,
- 0.75% of the next \$1,000,000 of the NAV and
- 0.50% of the balances over \$2,000,000 of the NAV.

Additionally Cypress will charge new accounts a one-time set-up fee of \$450. The client will provide a written authorization permitting Cypress' fees to be paid directly from the client's account held by the Custodian. Under special circumstances, fees may be negotiated. In cases, where the services involve investments in mutual funds, clients are advised additional charges are incurred using such funds, including annual fund expenses. It is acknowledged that lower fees for comparable services may be available from other sources.

Cypress will also bill aggregate new deposit(s) of \$25,000 or more (in funds or securities) made into account(s) under management, after the beginning of any quarter. The fees will be pro-rated for the number of days remaining in the quarter. In cases where a client requests additional specific investment advisory or financial consulting services Cypress may provide these services on an hourly or fixed fee basis. Hourly rates are \$500/hour unless another hourly rate is agreed upon in writing. The charges for fixed fee projects are determined in advance based on the nature of the project and the estimated hours involved.

Cypress believes that its fees are competitive with those fees charged by other investment advisors, with similar experience and education, for comparable services. However, comparable services may be available from other sources for lower fees than those charged by Cypress. A client may terminate an individually managed account by giving written notice to Cypress.

Prorated quarterly fees are due and payable upon execution of the Investment Advisory Agreement. Subsequent quarters' fees are billed quarterly in advance based on the Net Asset Value in the account(s) on the last day of the previous quarter. Cypress does not receive commissions or other fees for client's purchase of funds. To the degree possible Cypress invest in Institutional class funds with no commission. However, any brokerage or transactions costs in executing trades are born by the client.

Should a client terminate the Advisory Agreement with the 30-day termination notice, the prorated portion of the fees for balance of the Quarter will be refunded to the client within 30 days of Agreement. Cypress does not receive ANY compensation for the sale of securities or other investment products to its clients.

### ***Performance-Based Fees and Side-By-Side Management***

**Cypress does not accept ANY performance-based fees.** Hence in this regard there are no possible conflicts of interest between Cypress and its Clients. There is also no possibility of conflict between clients with Performance-based Fee arrangements and other clients.

## ***Types of Clients***

Cypress clients are a small select group of individuals and families including high net worth clients, who seek discretionary investment advisory services or financial consulting. **At Cypress we enjoy long-term partnership with a select group of clients to assist them in realizing their life goals and aspirations. We manage their investments so they can focus on what really matters in their lives.**

We may offer Wealth Management services for clients with net worth of \$2-10 million and assist in running virtual family offices for clients with net worth of \$10-25 million. We also offer Financial Consulting Services for analysis and evaluation of investment opportunities, "Financial Check-ups," and ongoing coaching and consulting to a select group of clients.

Most of our clients are professionals with advance degrees. In most cases they understand the details of investing and have us do this aspect of their life for them, in order that they may focus on more important areas of life.

## ***Methods of Analysis, Investment Strategies and Risk of Loss***

Cypress Asset Management offers Investment Advisory and Financial Consulting services to its clients. In collaboration with each client, Cypress will design the client's Investment Policy Statement whenever possible, or describe the Client's investment goals, parameters and/or preferences for investing. Then Cypress will develop a portfolio based on the client's financial profile and requirements, as well as his/her risk tolerance and preferences. For long-term investments, Cypress along with each client, will determine the allocation of the portfolio to asset classes based on the client's Investment Policy Statement or established goals and parameters. For selected asset classes as the investment vehicle, Cypress may select no-load funds or ETF's. Cypress will supervise and direct investments for the client's account(s) in accordance with the client's individual Investment Policy Statement, or established goals and parameters. As an investment approach, Cypress attempts to match each client's assets and his/her liabilities through Strategic Portfolio Design™. The basic objective of the Strategic Portfolio Design™ is to preserve capital in the long term and obtain capital growth provided that the client is able to tolerate interim volatility. Cypress WILL NOT act as the Custodian, NOR as agent or attorney-in-fact for the client with respect to investment products selected by Cypress for the client.

As another offering Cypress may provide portfolio investment advice and financial consulting as well as prepare customized Investment Plans or Financial Plans for some clients. Cypress may also provide consulting services on Wealth Management issues or financial coaching for high net worth clients.

**THE CLIENT AGREES AND UNDERSTANDS THAT THE RISKS OF THE CLIENT'S INVESTMENT PROGRAM ARE TO BE BORNE SOLELY BY THE CLIENT AND/OR THE CLIENT'S ACCOUNT(S).**

Our primary strategy involves investing for the long-term and capitalizing on long term trends through Strategic Portfolio Design. Consequently the investments are subject to the risk that the methods and analyses employed by Cypress in this process may not produce the expected results. This could cause the investments to lose value and lag relevant benchmarks.

We invest in broad portfolios that invest in major asset classes:

1. U.S. Equities, Developed and Developing International Equities, through no load mutual funds and ETF's as well as occasionally well-known individual securities.
2. Fixed Income through no load mutual funds and ETF's as well as occasionally individual bonds.
3. Cash and Cash equivalents.
4. Special Situations with Commodity funds and REIT's through no load mutual funds and ETF's.

Investing in each of these Asset Classes involves risk and loss of invested principal investments including but not limited to those described below:

**Market Conditions:** The prices of, and the income generated by, the US and International stocks, bonds and other securities held in each portfolio may decline due to market conditions and other



factors, including those directly involving the issuers of the securities.

**U.S. Equities:** Growth oriented stocks may involve larger price swings and greater potential for loss than other types of investments. While value and income oriented investments may be affected by changes in dividend policies and capital resource availability of the individual companies.

**International Equities:** Securities of issuers domiciled Internationally, outside the U.S., as well as with significant operations outside U.S. may lose value because of political, social or economic developments in the country or region in which the issuer operates. These securities may also lose value due to changes in the exchange rate of country's currency against the U.S. Dollar. Securities markets in certain countries may be more volatile and/or less liquid than those in the U.S. Investments outside the U.S. may also be subject to different settlement and accounting practices and different regulatory, legal and reporting standards than those in the U.S. These risks may be heightened in connection with investments in Developing Markets.

**Fixed Income:** Rising interest rates will generally cause the prices of bonds and other debt securities to fall. In addition, falling interest rates may cause an issuer to redeem, 'call' or refinance a security before its stated maturity, which may result in having to reinvest the proceeds in lower yielding securities. Longer maturity debt securities may be 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 may go into default, in which case the whole value of investment may be at risk. High yield bonds and debt securities ("Junk Bonds") are at much greater risk. International bonds are also at greater risk, due to the additional risk explained above in the section on International Equities.

**Cash and Equivalents:** Investments in Money Markets Funds are not guaranteed by the FDIC. As happened during the financial crisis the fund value can drop below the "\$1.00" value that each fund tried to keep. If there is lack of liquidity in the Commercial Paper market or difficulties with financial institutions that write the short term debt obligations that these funds purchase then these factors and others can affect the value of these funds. This happened during our recent financial crisis of 2008/09 until the Federal Government stepped in the guaranteed the holdings in these funds up to \$250,000. However, there is no assurance that the Federal Government will do so in the future.

### ***Disciplinary Information***

**There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.**

These include and are not limited to: any criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which your firm or a management person was convicted of, or pled guilty or nolo contendere ("no contest") to (a) any felony; (b) a misdemeanor that involved investments or an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses; or is the named subject of a pending criminal proceeding that involves an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses; was found to have been involved in a violation of an investment-related statute or regulation; or was the subject of any order, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, your firm or a management person from engaging in any investment-related activity, or from violating any investment-related statute, rule, or order; or an administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority in which your firm or a management person; or was found to have caused an investment-related business to lose its authorization to do business; or was found to have been involved in a violation of an investment-related statute or regulation and was the subject of an order by the agency or authority denying, suspending, or revoking the authorization of your firm or a management person to act in an investment-related business; or barring or suspending your firm's or a management person's association with an investment-related business; or otherwise significantly limiting your firm's or a management person's investment-related activities; or imposing a civil money penalty of more than \$2,500 on your firm or a management person, or a self-regulatory organization (SRO) proceeding in which your firm or a management person or was found to have caused an investment-related business to lose its authorization to do business; or was found to have been involved in a violation of the SRO's rules and was: (i) barred or suspended from membership or from association with other members, or was expelled from membership; (ii) otherwise significantly limited from investment-related activities; or (iii) fined more than \$2,500.

### ***Other Financial Industry Activities and Affiliations***

Cypress and its founder are not registered nor have an application pending to be registered as a broker dealer.

Cypress and its founder are not registered nor have an application pending to be registered as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

We do not have a material relationship or arrangement with any related person listed below:

1. broker-dealer, municipal securities dealer, or government securities dealer or broker,
2. Investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund)
3. Other investment adviser or financial planner
4. Futures commission merchant, commodity pool operator, or commodity trading advisor
5. Banking or thrift institution
6. Accountant or accounting firm
7. Lawyer or law firm
8. Insurance company or agency
9. Pension consultant
10. Real estate broker or dealer or
11. Sponsor or syndicator of limited partnerships.

We also do not recommend or select other investment advisors for our clients nor receive any compensation from anyone other than our clients for the services we provide our clients.

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

Cypress Asset Management has its own Code of Ethics. This Code is based on recommendations for Best Practices for Investment Advisors, as designed by Investment Advisor Association. As a fiduciary, Cypress owes its clients a duty of care, loyalty, honesty, good faith, and to act in the best interests of its clients. Further Cypress must avoid or disclose conflicts of interests. We address possible conflict among client interests by not favoring the interests of one client over another client. Cypress' Code of Ethics can be provided to clients upon their request.

As a matter of policy we do not recommend to clients nor buy or sell for client accounts securities in which we have a material financial interest.

We do not invest in neither Initial Public Offerings, nor Limited or Private Offering for our clients. We also do not "Short" securities for our clients. From time to time Monib Khademi may purchase or sell the same publicly traded securities that he recommends for his clients, including mutual funds and ETF's. These are only done in publicly traded stocks and any personal trades will not have significant impact on price of underlying securities. We specifically prohibit any Cypress personnel 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 such securities. Cypress also prohibits selling to or purchasing from clients any securities.

## ***Brokerage Practices***

Suggestion of the Broker/Dealer is based on comparative analysis of their services, online access to accounts, the reach of their branch offices where desired, the discounts offered to all clients, the competency of their back office support including record-keeping and administrative services, access to no-load and low load funds, high quality access to research and the accessibility of critical technological links they could provide for Cypress's information systems. Of importance would be the possible ability for smaller accounts to acquire shares of funds that would normally be only available to larger pension plans or clients. The only factors considered in our selection are based on the factors stated above and those described below. It is acknowledged that lower fees for comparable services may be available from other sources.

Cypress may recommend that clients establish accounts with Schwab Institutional a division of Charles Schwab & Co., Inc. ("Schwab"), a registered broker-dealer, Member SIPC/NYSE, to maintain custody of clients' assets and to effect trades in their accounts. Cypress is independently owned and operated and not affiliated with Schwab. Schwab provides Cypress with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis at no charge to them as long as a total of at least \$10 million of the advisor's clients' assets is maintained in accounts at Schwab Institutional and is not otherwise contingent upon Cypress committing to Schwab any specific amount of business (assets in custody or trading). Schwab's services include brokerage, custody, research and access to mutual funds and other investments that are otherwise available only to institutional investors or would require significantly higher minimum initial investment. For Cypress clients' accounts maintained in its custody, Schwab generally does not charge separately for custody but is compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab Institutional also makes available to Cypress other products and services that benefit Cypress but may not benefit its clients' accounts. Some of these other products and services assist Cypress in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmation and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of Cypress' fees from its clients' accounts, and assist with back-office support, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of Cypress' accounts, including accounts not maintained at Schwab Institutional. Schwab Institutional may also make available to Cypress other services intended to help Cypress manage and further develop its business enterprise. These services may include consulting, publications and presentations on practice management, information technology, business succession, regulatory compliance, marketing and discounts from vendors. In addition, Schwab may make available, arrange and/or pay for these types of services rendered to Cypress by independent third parties. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to Cypress. While as a fiduciary, Cypress endeavors to act in its clients' best interest, and Cypress' recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefit to Cypress of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create potential conflict of

interest. **From Cypress' perspective and in its opinion, its overall relationship with Schwab allows it to offer its services in the optimum way that allows Cypress to accomplish its mission. However, more economical or suitable custodial services may exist for other advisors at other broker-dealers.**

In submitting trades, Cypress may aggregate securities sale and purchase orders for a client with similar orders being made contemporaneously for other accounts managed by Cypress. In such events, the average price of all securities purchased or sold in such transactions may be determined and each client may be charged or credited, as the case may be, the average transaction price.

If a client directs Cypress to use a specific broker, Cypress will not negotiate the terms and conditions (including, but not limited to, commission rates) relating to the services provided by such broker. Cypress does not have any responsibility for obtaining for the client from such broker the prices or particular commission rates with or through any such broker, and the client may not obtain rates as low as it might otherwise obtain if Cypress had discretion to select broker/dealer other than those chosen by the client.

From time-to-time, Cypress may make an error in submitting a trade order on your behalf. When this occurs, Cypress may place a correcting trade with the broker-dealer, which has custody of your account. If an investment gain results from the correcting trade, the gain will remain in your account unless the same error involved other client account(s) that should have received the gain, it is not permissible for you to retain the gain, or we confer with you and you decide to forego the gain (e.g., due to tax reasons). If the gain does not remain in your account and Charles Schwab & Co. Inc. ("Schwab") is the custodian, Schwab will donate the amount of any gain \$100 and over to charity. If a loss occurs greater than \$100, Advisor will pay for the loss. Schwab will maintain the loss or gain (if such gain is not retained in your account) if it is under \$100 to minimize and offset its administrative time and expense. Generally, if related trade errors result in both gains and losses in your account, they may be netted.

Some professionals may use client brokerage commissions (or markups or markdowns) to obtain research or other products or services, and hence receive a benefit that then allows them not to produce or pay for the research, products or services. We do not engage in this practice. Nor do we have an interest in selecting or recommending a Broker-Dealer based on Cypress receiving research or other products and services rather than the most favorable execution.

We use Schwab exclusively for Custody of our client assets and execution of trades. Our Clients pay the Customary Fees and Commissions based on the level of assets that they hold at Schwab through their institutional services. Any benefit Cypress may receive is shared equally among all its clients.

Cypress does not receive any Client referrals from Schwab. Given most of our client accounts are held with Schwab as Custodian, all the trades for these accounts are executed through Schwab. For any accounts held elsewhere the trades in those accounts are executed with those Custodian Broker Dealers. In the last 20 years we have not had a request or any interest from any of our Clients to open Directed Brokerage Accounts through other Broker Dealers. However, should an interest arise, we will address it then.

Cypress may aggregate securities sale and purchase orders for the Account with similar orders being made contemporaneously for other accounts managed by Cypress or with accounts of affiliates of Cypress if, in Cypress' reasonable judgment, such aggregation is reasonably likely to result in an overall economic benefit to the Account, based on an evaluation that the Account is benefited by

relatively better purchase or sale prices, lower commission expenses or beneficial timing of transactions, or a combination of these and other factors. In many instances, the purchase or sale of securities for the Account will be affected substantially simultaneously with the purchase or sale of like securities for the accounts of other clients of Cypress and its affiliates. Such transactions may be made at slightly different prices, due to the volume of securities purchased or sold. In such event, the average price of all securities purchased or sold in such transactions may be determined, and Client may be charged or credited, as the case may be, the average transaction price.

Our Clients recognize and confirm that Cypress may give advice and take action with respect to any other clients which may differ from advice given or the timing or nature of action taken with respect to the Client as long as it is its policy, to the extent practicable, to allocate investment opportunities to the Client over a period of time on a fair and equitable basis relative to other clients.

## ***Review of Accounts***

Cypress Praxis, LLC, dba Cypress Asset Management ("Cypress") reviews each account no less than quarterly. Major changes in the forecasted rate of return, expected risk, the economic or investment environment or the interrelationship of the asset classes could suggest adjusting the client portfolios. In addition Cypress does a more in-depth Annual Portfolio Performance Review, whenever possible, in consultation with the Client that includes reviewing the client's projected cash flow needs for the next 1-3 years.

Account review may also be triggered upon unexpected changes in client's circumstances (e.g. career change, retirement, home purchase, receiving inheritance or divorce to state a few examples). Cypress depends on each client for notification of such events. The Client acknowledges that it is her/her/its responsibility to notify Cypress relative to changes in Client's financial situation or investment objectives for the purpose of reviewing/evaluating/revising recommendations or services, or if the Client wishes to impose reasonable restrictions on Cypress' investment management services.

Cypress Asset Management will send clients quarterly reports showing current portfolio value, calculation of fees (Quarterly Advisory Fee Statements), and performance summary for the previous quarter and year-to-date. In addition, once a year in January of each year Cypress sends a more in depth report to each client, prior to conducting the Annual Portfolio Performance Review.

The Custodian will send monthly reports to clients showing current positions and transactions during the previous month including Disbursement of any Advisory Fees. The Custodian will also send each client trade confirmation upon execution of each trade. Upon Client's request and approval account statements, Quarterly Reports and trade confirmations may be sent via e-mail by Cypress or the custodian, in compliance with SEC authorization.



### ***Client Referrals and Other Compensation***

**The main source of our marketing is through our Clients referring us to their family or friends. However, there are no economic benefits offered or provided for any referrals by either Cypress clients or others to Cypress. Cypress does not compensate anyone directly or indirectly for any referrals and there are no such arrangements.**

## ***Custody***

Our Client assets and securities are held with a Custodian that is in most cases Charles Schwab and Company. The Custodian will send monthly reports to clients showing current positions and transactions during the previous month including Disbursement of any Advisory Fees. The Custodian will also send each client trade confirmation upon execution of each trade. Upon Client's request and approval account statements, Quarterly Reports and trade confirmations may be sent via e-mail by Cypress or the custodian, in compliance with SEC authorization.

Cypress Asset Management will send clients quarterly reports showing current portfolio value, calculation of fees (Quarterly Advisory Fee Statements), performance summary for the previous quarter and year-to-date. In addition, once a year in January of each year Cypress sends a more in depth report to each client, prior to conducting the Annual Portfolio Performance Review.

### ***Investment Discretion***

Cypress asks for discretionary authority for its portfolio management services through a Limited Power of Attorney (“LPOA”). This discretion authority in no way would impair the financial condition and responsibility of Cypress to meet contractual commitments to clients and vice versa. Cypress will determine, as much as possible, securities for investments in Strategic Portfolio Design™ for each class of assets for the client’s portfolio based on the client’s financial profile and requirements, as well as risk tolerance and preferences. The Client acknowledges that it is his/her/its responsibility to notify Cypress relative to changes in the Client’s financial situation or investment objectives for the purpose of reviewing/evaluating/revising recommendations or services, or if the Client wishes to impose reasonable restrictions on Cypress’ investment management services. The Client agrees that Cypress will not be providing any legal, accounting, tax, or estate planning services.

### ***Voting Client Securities***

Cypress does not exercise authority to vote proxies on behalf of clients. We strive to insure the account opening applications are marked as such.

Cypress also is not able to provide advice regarding proxy voting. Clients will receive proxy material directly from the Custodian holding client's account. It is each client's responsibility to vote his/her proxies and we encourage each client to educate themselves prior to doing so. Cypress considers that each proxy proposal should be individually reviewed to determine whether the proposal is in the best interest of each client by themselves.

### ***Financial Information***

We do not require prepayment of any amount of fees six months or more in advance. Hence this requirement does not apply to Cypress. Cypress and its founder have also not been subject to a bankruptcy petition.

### ***Requirements for State-Registered Advisers***

Cypress is in the process of registering with the state securities authorities in the state of California, as its home state, and additionally in the state of Florida.

For the purpose of State Requirements, we note that Monib received his B.S from MIT in 1969 and his MBA from Stanford Graduate School of Business in 1990. He has been running Cypress, an investment advisory and financial consulting business, continuously since its founding in 1992. In addition, we note that he is not actively engaged in any other business than Cypress. As stated before, Cypress does not engage in any performance based compensation arrangements.

Further we note that neither Cypress nor Monib Khademi, have been involved in either an award nor otherwise being found liable in any arbitration claim in the following; or an award or otherwise being found liable in a civil, self-regulatory organization or administrative proceedings in any of the following:

- (a) an investment or an investment-related business or activity;
- (b) fraud, false statement(s), or omissions;
- (c) theft, embezzlement, or other wrongful taking of property;
- (d) bribery, forgery, counterfeiting, or extortion; or
- (e) dishonest, unfair, or unethical practices.

### ***Additional Information***

#### **Additional disclosures:**

**Arbitration:** Cypress and its clients agree that in the event of any dispute between them with respect to the services Cypress offers, its Investment Advisory Agreement and their respective obligations there under, such dispute shall be settled by arbitration in accordance with the Commercial Arbitration rules of the American Arbitration Association then applying. The award of the arbitrators or the majority of them shall be final and binding and not subject to review or appeal. Judgment upon any arbitration award rendered may be entered in any court having appropriate jurisdiction. This clause does not constitute a waiver of any rights provided by the Investment Advisory Act of 1940, including the right to choose the forum, whether arbitration or adjudication, in which to seek resolution of disputes.