

Part 2A of Form ADV: Firm Brochure

Compass Advisors LLC  
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This brochure provides information about the qualifications and business practices of Compass Advisors LLC. If you have any questions about the contents of this brochure, please contact us at (706) 579-1235. 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. Registration does not imply a certain level of skill or training. Additional information about Compass Advisors LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Material Changes From the Last Annual Update to the Brochure  
Dated 3/29/11**

Fees: The minimum fee for 2012 is \$2,260 per quarter.

Voting Securities: Clients may now give the firm the authority to vote their securities.

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## **Advisory Business**

Compass Advisors LLC is a comprehensive, fee-only financial planning firm that has been in business since December 1996. The principal owner is Robert H. Moody II. The firm advises individuals in the areas of risk management and insurance, income tax planning, retirement planning, investments and estate planning. However, the primary focus of the firm is managing clients' investment portfolios. The firm invests primarily in individual stocks, exchange-traded funds and precious metals.

The firm tailors its advice to the needs of individual clients by considering each client's financial goals, current situation, time horizon, personal risk tolerance and tax exposure. Clients may impose restrictions on investing in certain securities or types of securities.

As of February 20, 2012, the firm managed approximately \$39.4 million on a discretionary basis and \$845,000 on a non-discretionary basis.

## **Fees and Compensation**

New clients pay a fee for an initial comprehensive financial plan. The fee is agreed upon in advance and is based on the complexity of the client's situation. If the client and the firm then decide to enter into an ongoing relationship, the client pays a retainer fee quarterly in arrears. The initial fee is usually a dollar amount equal to 0.5% of the value of the client's portfolio. This dollar amount is then adjusted annually to reflect changes in the Consumer Price Index (using the federal government's methodology in 1980, as calculated by [www.shadowstats.com](http://www.shadowstats.com)). The minimum fee for 2012 is \$2,260 per quarter. Fees may be renegotiated at any time at the request of either the client or the firm.

The firm sends an invoice to the client at the end of each quarter, then deducts the fee from the client's brokerage account.

Clients must pay other expenses in connection with the firm's advisory services, including brokerage commissions (\$7.95 for up to 10,000 shares) and fund expenses. See also the Brokerage section in this brochure.

## **Types of Clients**

The firm generally provides investment advice to individuals.

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

The firm designs an investment strategy for each client that the firm believes will optimize the client's odds of reaching his or her financial goals. These strategies seek to minimize unsystematic risk, taxes and expenses, and provide some protection from high inflation and Black Swan-type events. The firm seeks to invest in undervalued securities that have a high degree of insider ownership and positive recent trends in such, a wide economic moat, good corporate governance, a history of increasing dividends each year, high Piotroski and Altman Z-scores, a high cash flow yield, high cash flow predictability and price stability, above average potential price appreciation, low valuation measures, a generous and growing dividend yield that is well covered by cash flow, a high growth rate for cash flow and dividends, a low effective income tax rate, low debt with a high interest coverage ratio, sufficient cash, manageable pension liabilities and leases, and a solid board of directors. The firm also incorporates into its analysis information about investor sentiment, insider transactions, ownership by investment "gurus" the firm admires, analysts' recommendations, short interest, and limited technical analysis (including the Relative Strength Index and Bollinger bands).

To obtain exposure to international stocks, the firm uses exchange-traded funds (ETFs) and American Depositary Receipts (ADRs).

The risks of the firm's investment strategy include but are not limited to: a deep and/or protracted bear market, a sudden crash of the market caused by high frequency traders and algorithmic trading (e.g. the Flash Crash), accounting scandals, dishonest management, incompetent boards of directors, adverse changes to tax laws or regulations, bankruptcy, expropriation of assets or nationalization of a company, the collapse of one or more fiat currencies, a reduction of liquidity and a widening of bid-ask spreads, the closure of exchanges (e.g. after 9/11), the imposition of capital controls or a tax on financial transactions, expropriation of accounts, severe natural or man-made disasters (e.g. wars, revolutions, terrorist attacks and environmental disasters), and any type of Black Swan-like event that was unanticipated but which has severe consequences.

Investing in securities involves risk of loss that clients should be prepared to bear.

### **Disciplinary Information**

None.

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

The firm has an arrangement with National Financial Services LLC and Fidelity Brokerage Services LLC (collectively, and together with all affiliates, "Fidelity") through which Fidelity provides the firm with "institutional platform services." The institutional platform services include, among others, brokerage, custody, and other related services. Fidelity's institutional platform services that assist the firm in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution; (iii) provide research, pricing and other market data; (iv) facilitate payment of fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Fidelity also offers other services intended to help the firm manage and further develop its advisory practice. Such services include, but are not limited to, performance reporting, third party research, publications, access to educational conferences, roundtables and webinars, practice management resources, access to consultants and other third party service providers who provide a wide array of business related services and technology with whom the firm may contract directly.

The firm is independently operated and owned and is not affiliated with Fidelity.

Fidelity generally does not charge its advisor clients separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Fidelity or that settle into Fidelity accounts (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity provides access to many no-load

mutual funds without transaction charges and other no-load funds at nominal transaction charges.

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

The firm's Code of Ethics sets forth a standard of business conduct required of all employees. The Code mandates honest and ethical conduct at all times. The firm will provide a copy of its Code to any client or prospective client upon request.

Employees of the firm may invest in securities that the firm recommends to clients. This could present a conflict of interest if employees of the firm traded before the clients of the firm, since the former would receive a better price. To ensure that clients receive the best price, clients buy or sell first each day, then employees of the firm.

### **Brokerage Practices**

Factors that the firm considers in selecting broker-dealers for client transactions and determining the reasonableness of their compensation (commissions) includes the broker's reputation, services, technology, security, availability, responsiveness, quality and training of employees, and the competitiveness of the broker's commissions and yields on money market funds.

The firm does not aggregate the purchase or sale of securities for various client accounts because the situation and needs of each client are unique, and because it would take too much time. Even if all client orders were aggregated into a block trade, clients would pay the same amount in commissions.

### **Review of Accounts**

The firm reviews client investment accounts on an ongoing basis as securities prices change (usually every business day) in order to determine if a client is significantly overweight or underweight in a security compared to their target weighting. The firm does not provide any regular reports to clients regarding their accounts.

## **Client Referrals and Other Compensation**

The firm does not provide compensation to third parties for client referrals.

## **Custody**

The firm does not have custody of client funds or securities. Clients receive monthly statements from Fidelity.

## **Investment Discretion**

Nearly all clients have given the firm discretionary authority to manage their accounts on their behalf. Fidelity's account applications include a Trading Authorization section in which the client authorizes and directs Fidelity to accept any trading, servicing, account-related or other instruction from the firm. When investing in a new security, the firm sends clients an extensive report about the security (before the trade is placed, if there is sufficient time). For the one client who has not given the firm discretionary authority, the firm obtains the client's approval before investing in a new security but does not need the client's approval to rebalance the weighting of a security back to the target weighting. The firm will usually obtain client approval for sell orders for this client, though not when time is of the essence.

Clients may exclude or limit the amount invested in any security or type of security.

## **Voting Client Securities**

Clients are responsible for voting their own securities unless they give that authority to the firm. The firm will vote client securities in a way that it believes is in the best interests of the client. Clients can direct a vote in a particular situation by contacting the firm before the firm votes the securities. Clients may obtain information about how the firm voted their shares by asking the firm.

Clients who vote their own securities should receive their proxies or other solicitations directly from the custodian or transfer agent.



Clients may contact the firm with questions about a particular solicitation.

### **Financial Information**

There is no financial condition that is reasonably likely to impair the firm's ability to meet its contractual commitments to clients.

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

N/A

Part 2B of Form ADV: Brochure Supplement

Robert H. Moody II  
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11584 Big Canoe  
Big Canoe, GA 30143  
(706) 579-1235

March 1, 2012

This brochure supplement provides information about Robert Moody that supplements the Compass Advisors LLC brochure. You should have received a copy of that brochure. Please contact Robert Moody if you did not receive Compass Advisors LLC's brochure or if you have any questions about the contents of this supplement. Additional information about Robert Moody is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Educational Background and Business Experience**

Name: Robert H. Moody II

Year of birth: 1968

Formal education after high school:

B.S. in Political Science, *cum laude*, Stetson University

M.S. in Personal Financial Planning, Georgia State University

**Chartered Financial Analyst (CFA)** – The Chartered Financial Analyst charter is a professional designation established in 1962 and awarded by CFA Institute. To earn the CFA charter, candidates must pass three sequential, six-hour examinations over two to four years. The three levels of the CFA Program test a wide range of investment topics, including ethical and professional standards, fixed-income analysis, alternative and derivative investments, and portfolio management and wealth planning. In addition, CFA charterholders must have at least four years of acceptable professional experience in the investment decision-making process and must commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct.

**Certified Financial Planner (CFP)** - To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board's studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor's Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board's financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- Examination – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one's ability to correctly diagnose financial

- planning issues and apply one's knowledge of financial planning to real world circumstances;
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
  - Ethics – Agree to be bound by CFP Board's *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*. The *Standards* prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board's enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

**Chartered Life Underwriter (CLU)** - To receive the CLU designation, you must successfully complete all courses in the CLU program, meet experience requirements and ethics standards, agree to comply with The American College Code of Ethics and Procedures, and earn 30 hours of continuing education credit every two years.

**Chartered Financial Consultant (ChFC)** - To receive the ChFC designation, you must successfully complete all courses in the ChFC program, meet experience requirements and ethics standards, agree to comply with The American College Code of Ethics and Procedures, and earn 30 hours of continuing education credit every two years.

Business background for the preceding five years: President of Compass Advisors LLC.

**Disciplinary Information**

None.

**Other Business Activities**

None.

**Additional Compensation**

None.

**Supervision**

N/A

**Requirements for State-Registered Advisers**

N/A