

## **Item 1 – Cover Page**

### **Form ADV Part 2A Brochure**

**Investors Research Corporation  
dba  
IRC Wealth**

**CRD #132022**

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**March 26, 2018**

This Brochure provides information about the qualifications and business practices of Investors Research Corporation *dba IRC Wealth*. If you have any questions about the contents of this Brochure, please contact us at (404) 968-9348. 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.

Investors Research Corporation is an investment advisory firm registered with the appropriate regulatory authority. Registration does not imply a certain level of skill or training. Additional information about Investors Research Corporation also is available on the SEC's website at [www.AdviserInfo.sec.gov](http://www.AdviserInfo.sec.gov).

## **Item 2 - Material Changes**

Since our last annual amendment dated March 22, 2017, IRC Wealth added Charles Schwab & Co. as a recommended custodian. See Item 12 for additional information. In addition, the fee schedule was updated, as reflected in Item 5.

We will provide you with a new Brochure as necessary based on changes or new information, at any time, without charge. Our Brochure may be requested by contacting us at our main number above. Additional information about IRC Wealth is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's website provides information about any persons affiliated with IRC Wealth who are registered, or are required to be registered, as investment adviser representatives of IRC Wealth.

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## Item 4 – Advisory Business

### General Information

Investors Research Corporation (“IRC”) *dba IRC Wealth* is an investment adviser registered with the U.S. Securities and Exchange Commission, that provides financial planning, and investment advisory services. In addition, David Ragland, owner of IRC, hosts speaking engagements and publishes a blog for public viewing.

Formed in November 1981, IRC is owned by David M. Ragland, who serves as President and Chief Compliance Officer. Please see ***Brochure Supplement(s), Exhibit A***, for more information on Mr. Ragland and other individuals who formulate investment advice and have direct contact with clients, or have discretionary authority over client accounts.

As of December 31, 2017, IRC managed \$228,600,000 on a discretionary basis, and no assets on a non-discretionary basis.

### **SERVICES PROVIDED**

At the outset of each client relationship, IRC spends time with the client, asking questions, discussing the client’s investment experience and financial circumstances, and reviewing options for the client. Based on its reviews, IRC generally develops with each client:

- a financial outline for the client based on the client’s financial circumstances and goals, and the client’s risk tolerance level (the “Financial Profile” or “Profile”); and
- the client’s investment objectives and guidelines (the “Investment Plan” or “Plan”).

The Financial Profile is a reflection of the client’s current financial picture and a look to the future goals of the client. The Investment Plan outlines the types of investments IRC will make on behalf of the client to meet those goals. The Profile and the Plan are discussed regularly with each client, but are not necessarily written documents.

### Financial Planning

One of the services offered by IRC is financial planning, described below. This service may be provided as a stand-alone service, or may be coupled with ongoing portfolio management.

Financial planning generally includes advice that addresses one or more areas of a client's financial situation, such as estate planning, risk management, budgeting and cash flow controls, retirement planning, education funding, and investment portfolio design. Depending on a client’s particular situation, financial planning may include some or all of the following:

- Gathering factual information concerning the client's personal and financial situation;
- Assisting the client in establishing financial goals and objectives;
- Analyzing the client's present situation and anticipated future activities in light of the client's financial goals and objectives;
- Identifying problems foreseen in the accomplishment of these financial goals and objectives and offering alternative solutions to the problems;
- Making recommendations to help achieve retirement plan goals and objectives;
- Designing an investment portfolio to help meet the goals and objectives of the client;

- Providing estate planning;
- Assessing risk and reviewing basic health, life and disability insurance needs; or
- Reviewing goals and objectives and measuring progress toward these goals.

Once financial planning advice is given, the client may choose to have IRC implement the client's financial plan and manage the investment portfolio on an ongoing basis. However, the client is under no obligation to act upon any of the recommendations made by IRC under a financial planning engagement and/or to engage the services of any recommended professional.

#### Investment Advisory Services

IRC is an investment adviser specializing in meeting the personalized asset management needs of its clients. IRC focuses on the clients' personal success and long-term goals when recommending its value, income, or ETF based model portfolios. IRC applies its disciplined approach to money management which it feels attracts discerning clients, many of whom are unable to find solutions they are seeking in traditional managed accounts.

The process begins with having conversations and meetings with a client to ascertain their objectives, needs, risk tolerance, and financial status. A client may reserve the right to impose restrictions or guidelines on the management of the client's assets, including any limitations on the purchase or sale of particular securities or types of securities. Each client should note, however, that restrictions imposed by a client may adversely affect the composition and performance of the client's investment portfolio. Each client's investment portfolio is treated individually by giving consideration to each purchase or sale for the client's account. However, IRC may also implement a model portfolio strategy that is regularly analyzed and updated. For these and other reasons, performance of client investment portfolios within the same investment objectives, goals and/or risk tolerance may differ and clients should not expect that the composition or performance of their investment portfolios would necessarily be consistent with similar clients of IRC.

IRC manages money on a discretionary basis. Managing money on discretionary basis allows the firm to purchase, sell, invest, reinvest, exchange, and trade the assets in the account(s) of the client, subject to any restrictions imposed by the client. This means IRC will have the authority to determine what securities and investments are to be bought or sold, the amount of transactions, and the timing of transactions without seeking approval from the client prior to such transactions taking place. IRC maintains discretion in the selection of a broker-dealer for the execution of transactions.

#### Retirement Plan Advisory Services

Establishing a sound fiduciary governance process is vital to good decision-making and to ensuring that prudent procedural steps are followed in making investment decisions. IRC will provide Retirement Plan consulting services to Plans and Plan Fiduciaries as described below. The appropriate Plan Fiduciary(ies) designated in the Plan documents (e.g., the Plan sponsor or named fiduciary) will (i) make the decision to retain our firm; (ii) agree to the scope of the services that we will provide; and (iii) make the ultimate decision as to accepting any of the recommendations that we may provide. The Plan Fiduciaries are free to seek independent advice about the appropriateness of any recommended services for the Plan. Retirement Plan consulting services may be offered individually or as part of a comprehensive suite of services.

The Employee Retirement Income Security Act of 1974 ("ERISA") sets forth rules under which Plan Fiduciaries may retain investment advisers for various types of services with respect to Plan assets. For certain services, IRC will be considered a fiduciary under ERISA. For example, IRC will act as an ERISA §

3(21) fiduciary when providing non-discretionary investment advice to the Plan Fiduciaries by recommending a suite of investments as choices among which Plan Participants may select. Also, to the extent that the Plan Fiduciaries retain IRC to act as an investment manager within the meaning of ERISA § 3(38), IRC will provide discretionary investment management services to the Plan.

With respect to any account for which IRC meets the definition of a fiduciary under Department of Labor rules, IRC acknowledges that both IRC and its Related Persons are acting as fiduciaries. Additional disclosure may be found elsewhere in this Brochure or in the written agreement between IRC and Client.

### Fiduciary Management Services

- *Discretionary Management Services*

When retained as an investment manager within the meaning of ERISA § 3(38), IRC provides continuous and ongoing supervision over the designated retirement plan assets. IRC will actively monitor the designated retirement plan assets and provide ongoing management of the assets. When applicable, IRC will have discretionary authority to make all decisions to buy, sell or hold securities, cash or other investments for the designated retirement plan assets in our sole discretion without first consulting with the Plan Fiduciaries. We also have the power and authority to carry out these decisions by giving instructions, on your behalf, to brokers and dealers and the qualified custodian(s) of the Plan for our management of the designated retirement plan assets.

- *Discretionary Investment Selection Services*

IRC will monitor the investment options of the Plan and add or remove investment options for the Plan without prior consultation with the Plan Fiduciaries. IRC will have discretionary authority to make and implement all decisions regarding the investment options that are available to Plan Participants.

### Speaking Engagements

IRC's founder and President, David Ragland is available to present as a keynote speaker, workshop facilitator or course instructor. Topics include Wealth Made Simple and Retirement Planning Made Simple, among others.

## **Item 5 – Fees and Compensation**

### General Fee Information

Fees paid to IRC are exclusive of all custodial and transaction costs paid to the client's custodian, brokers or other third-party consultants. Please see **Item 12 – Brokerage Practices** for additional information. Fees paid to IRC are also separate and distinct from the fees and expenses charged by mutual funds, ETFs (exchange traded funds) or other investment pools to their shareholders (generally including a management fee, 12(b)-1 fees and other fund expenses, as described in each fund's prospectus or offering materials). The client should review all fees charged by funds, brokers, IRC and others to fully understand the total amount of fees paid by the client for investment and financial-related services.

### Financial Planning Fees

When IRC provides stand-alone financial planning services to clients, these fees are negotiated at the time of the engagement for such services. Fees usually take the form of a flat dollar amount which is normally based on the scope and complexity of the engagement.

### Investment Advisory Fees

Our Investment Advisory Fee Schedule is based upon a percentage of assets under management. Fees are billed quarterly in arrears, based on the average daily balance of assets under management in the client's portfolio during the previous calendar quarter. If advisory services commence after the start of a calendar quarter, the initial fees are based upon the average daily balance from the day IRC begins management of account assets through the last business day of the calendar quarter that an account was opened. Fees are based on the assets in the account per the schedule below and in some instances, may be negotiated.

#### **Investment Advisory Fee Schedule**

<b>Portfolio Balance</b>	<b>Annualized Rate</b>	<b>Quarterly Rate</b>
\$0 - \$500,000	1.5%	0.375%
\$500,001-\$999,999	1.30%	0.325%
\$1,000,000 - \$4,999,999	1.10%	0.275%
\$5,000,000 - \$9,999,999	0.90%	0.225%
Greater than \$10,000,000	0.80%	0.200%

The Investment Advisory Fee is deducted by the custodian quarterly from the client's account. If a client has more than one account, fees may be deducted from one account for all accounts under management by IRC. The client authorizes the custodian to debit their account(s) for Investment Management Fees due to IRC.

Either IRC or the client may terminate their Investment Advisory Agreement at any time, subject to any written notice requirements in the agreement. In the event of termination, any fees due to IRC from the client will be invoiced or deducted from the client's account prior to termination. Termination of the contract will not affect any liabilities or obligations of the parties from transactions initiated before termination of this Agreement or a client's obligation to pay advisory fees if paid in arrears (pro-rated through end of the month in which termination is effective). A full refund will be provided without penalty if the client terminates the contract within 5 business days of signing with the Firm.

Upon written receipt of notice to terminate its client agreement and unless specific transfer instructions are received, IRC and its agent will cease advisory services. Should the client provide specific instructions to liquidate, IRC will proceed with liquidation of the client's account in an orderly and efficient manner. There will not be a charge by us for such redemption; however, the client should be aware that certain mutual funds impose redemption fees as stated in each company's fund prospectus in certain circumstances. Clients must keep in mind that the decision to liquidate security issues or mutual funds may result in tax consequences that should be discussed with the client's tax advisor. Factors that could affect the orderly and efficient manner would be size and types of issues, liquidity of the markets, and market makers' abilities. Should the necessary securities' markets be unavailable and trading suspended, efforts to trade will be done as soon as possible following their reopening. Due to the administrative processing time needed to terminate client's investment advisory service and communicate the instructions to client's Investment Advisor, termination orders received from clients are not market orders; it may take several business days under normal market conditions to process the client's request. During this time, the client's account is subject to market risk. IRC and its agent are not responsible for market fluctuations of the client's account from time of written notice until complete liquidation. All efforts will be made to process the termination in an efficient and timely manner.

### Speaking Engagements

Speaking engagement fees are negotiable and based upon the audience size, length of time involved along with travel costs and time.

### **Item 6 – Performance-Based Fees and Side-By-Side Management**

IRC does not have any performance-based fee arrangements. “Side-by-Side Management” refers to a situation in which the same firm manages accounts that are billed based on a percentage of assets under management and at the same time manages other accounts for which fees are assessed on a performance fee basis. Because IRC has no performance-based fee accounts, it has no side-by-side management.

### **Item 7 – Types of Clients**

IRC provides investment advisory services to individuals, high net worth individuals, corporations, and pension plans. The minimum portfolio value eligible for an income strategy portfolio is \$500,000. This minimum requirement is negotiable and can be waived by IRC at its discretion. IRC does not require a minimum asset size for its other management styles.

### **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

IRC manages most of its portfolios utilizing investment strategies and policies that attempt to minimize or prevent erosion by inflation. Since client assets are typically intended for retirement, the investment time horizon is long-term by nature. Because of the long-term focus, short-term volatility is acceptable in an effort to provide for higher, long-term returns. In an effort to provide a higher return, client assets are predominantly allocated between stocks, ETFs and cash equivalents.

On rare occasions, corporate bonds or other fixed income securities may be utilized, typically at the request of the client. In addition, on a limited basis, short-term transactions may be employed when deemed appropriate for a client.

In addition to its value and income investment strategy, IRC has developed a model portfolio strategy that primarily allocates client investment assets among various ETFs.

IRC takes a disciplined approach to its equity selection process. It is based partly on technical analysis, partly on fundamentals and partly on our own proprietary research. The firm’s approach is methodical and consistent to seek the best possible return for a client’s capital. The refined application of analytical tools is a distinguishing feature of our company. IRC does this for each and every client. The process does not vary based on the size of a client’s account or the number of years a client has been with IRC. The investment selection process is as follows:

1. Technical Analysis: On an approximately weekly basis IRC reviews more than 2000 stocks and analyzes their price action over the last 1 year and 3 years using various research tools. During this phase IRC looks for companies whose stock price has been substantially reduced due to some temporary reduction in earnings or earnings expectations. This reduction in earnings can be the result of an economic cycle, a commodity pricing cycle, bad management, change in governmental regulation or uncertainty that otherwise holds back the stock’s price.

Next IRC looks for a base range in the stock's price action. A base range is a sideways price pattern and often indicates that we are near a bottom-value or if we're at a price with minimal downside pressure. This analysis helps the firm detect bottom ranges that last anywhere from 1 month to 5 years. Generally, IRC likes stocks that are in the base range for a period of at least 6 months.

In addition to the sideways pattern, IRC's technical analysis looks at a stock's trading volume during up and down days; insider buying or selling; and the company's price action in comparison to other companies in the same industry.

2. **Fundamental Analysis:** If a stock clears technical analysis hurdles, IRC reviews the company's fundamentals. As the firm's research is broad based, many resources such as annual reports and other SEC filings issued by companies as well as various news periodicals and magazines, such as Barron's, Forbes, Fortune, Money, and the Wall Street Journal. Financial information and financial ratios, including the price-to-earnings ratio, price-to-sale ratio, debt levels, and earnings history, are analyzed as well as its trends in its industry.
3. **Proprietary Research:** Developed over the last three decades, IRC applies its own screening criteria to help weigh risk-versus-rewards when making an investment selection. In this portion of the review, IRC is reviewing the interest rate versus dividend rate of a security, investor sentiment about the financial markets, and overall momentum of the financial markets. This is the macro view that allows the firm to look at both the individual stock and the overall market conditions in making the final investment selections.

ETFs are generally evaluated and selected based on a variety of factors, including, as applicable and without limitation, past performance, fee structure, portfolio manager, fund sponsor, overall ratings for safety and returns, and other factors.

#### Risk of Loss

It is important to note that investing in securities involves a risk that clients must be prepared to bear. While IRC seeks to diversify clients' investment portfolios across various asset classes consistent with their investment objectives in an effort to reduce risk of loss, all investment portfolios are subject to risks. Accordingly, there can be no assurance that client investment portfolios will be able to fully meet their investment objectives and goals, or that investments will not lose money.

Below is a description of several of the principal risks that client investment portfolios face.

*Management Risks.* While IRC manages client investment portfolio based on IRC's experience, research and proprietary methods, the value of client investment portfolios will change daily based on the performance of the underlying securities in which they are invested. Accordingly, client investment portfolios are subject to the risk that IRC allocates client assets to individual securities and/or asset classes that are adversely affected by unanticipated market movements, and the risk that IRC's specific investment choices could underperform their relevant indexes.

*Equity Market Risks.* IRC will generally invest portions of client assets directly into equity investments, primarily stocks. Stocks and other equity securities are subject to the risks of the stock market. These risks include, without limitation, the risks that stock values will decline due to daily fluctuations in the markets, and that stock values will decline over longer periods (e.g., bear markets) due to general market declines in the stock prices for all companies, regardless of any individual security's prospects.



*Risks of Investments in ETFs and Other Investment Pools.* As described above, IRC may invest client portfolios in ETFs and other investment pools (“pooled investment funds”). Investments in pooled investment funds are generally less risky than investing in individual securities because of their diversified portfolios; however, these investments are still subject to risks associated with the markets in which they invest. In addition, pooled investment funds’ success will be related to the skills of their particular managers and their performance in managing their funds. Pooled investment funds are also subject to risks due to regulatory restrictions applicable to registered investment companies under the Investment Company Act of 1940.

*Fixed Income Risks.* IRC may invest portions of client assets directly into fixed income instruments. While investing in fixed income instruments is generally less volatile than investing in stock (equity) markets, fixed income investments nevertheless are subject to risks. These risks include, without limitation, interest rate risks (risks that changes in interest rates will devalue the investments), credit risks (risks of default by borrowers), or maturity risk (risks that bonds or notes will change value from the time of issuance to maturity).

*Foreign Securities Risks.* IRC may invest portions of client assets directly into international investments. While foreign investments are important to the diversification of client investment portfolios, they carry risks that may be different from U.S. investments. For example, foreign investments may not be subject to uniform audit, financial reporting or disclosure standards, practices or requirements comparable to those found in the U.S. Foreign investments are also subject to foreign withholding taxes and the risk of adverse changes in investment or exchange control regulations. Finally, foreign investments may involve currency risk, which is the risk that the value of the foreign security will decrease due to changes in the relative value of the U.S. dollar and the security’s underlying foreign currency.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client’s evaluation of IRC or the integrity of IRC’s management. IRC has no information applicable to this Item.

## **Item 10 – Other Financial Industry Activities and Affiliations**

Prior to its participation in Charles Schwab’s and Co., Inc.’s advisory program, IRC required that clients utilize Morgan Stanley as the qualified custodian of their assets. Certain IRC clients have not established a relationship with Schwab and have chosen to continue their legacy custodial arrangements with Morgan Stanley. Thomas Ragland, the broker of record for IRC’s clients’ accounts at Morgan Stanley, is the brother of David Ragland. Transaction costs including commissions and other account servicing fees are paid directly to Morgan Stanley. Thomas Ragland receives compensation directly from Morgan Stanley. **Item 12** provides additional information concerning this relationship.

## **Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

IRC has adopted a Code of Ethics for all supervised persons describing its high standard of business conduct, and its fiduciary duty to clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, initial public offerings, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at IRC must acknowledge the terms of the Code of Ethics initially upon hire, annually, and as amended.

Supervised Persons of IRC may trade for their own accounts in securities which are recommended to and/or purchased for clients. This presents a conflict of interest as supervised persons of IRC could receive an execution for a transaction for an account in which they have financial interest that is superior to that received by a client. To address this conflict, the Code of Ethics is designed to ensure that the personal securities transactions as well as all activities and interests of the supervised persons of IRC will not interfere with: 1) making decisions in the best interest of IRC clients; and 2) implementing such decisions while, at the same time, allowing supervised persons to invest for their own accounts. Supervised persons, in conducting transactions in accounts in which they have beneficial ownership or control, are required to obtain pre-clearance for transactions in initial public offerings and private and limited offerings. Further, supervised persons are only permitted to place transactions after all transactions have been made on behalf of clients. Trading by supervised persons is continually monitored under the Code of Ethics and to reasonably prevent conflicts of interest between IRC and its clients.

IRC's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting David M. Ragland at (404) 968-9348.

## **Item 12 – Brokerage Practices**

IRC recommend the brokerage and custodial services of Charles Schwab & Co, Inc. ("Schwab"), a FINRA registered broker-dealer, member SIPC. When selecting a custodian to recommend, a number of factors were considered, including, without limitation, quality of execution, services provided and commission rates. While IRC considers transaction costs offered by Schwab to be reasonable in relation to the value of the brokerage and other services rendered, transaction fees may be higher or lower than fees charged by other broker-dealers.

For IRC client accounts maintained in its custody, Schwab generally does not charge 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 Schwab or that settle into Schwab accounts. Schwab Advisor Services also makes available to IRC other products and services that benefit IRC but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of IRC accounts, including accounts not maintained at Schwab.

Schwab Advisor Services provides IRC with access to its institutional trading, custody, reporting and related services, which are typically not available to Schwab retail investors. Schwab also makes available various support services. Some of those services help IRC manage or administer our clients' accounts while others help IRC manage and grow our business. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them. These services are not soft dollar arrangements, but are part of the institutional platform offered by Schwab. Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Research services received with transactions may include proprietary or third-party research (or any combination), and may be used in servicing any or all of IRC's clients. Therefore, research services received may not be used for the account for which the particular transaction was effected.

Schwab's products and services that assist IRC 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 and allocate aggregated trade orders for multiple client accounts; (iii) provide pricing and other market data; (iv) facilitate payment of IRC's fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Schwab Advisor Services also offers other services intended to help IRC manage and further develop its business enterprise. These services may include: (i) technology compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers. Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to IRC. Schwab Advisor Services 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 IRC. Schwab Advisor Services may also provide other benefits such as educational events or occasional business entertainment of IRC personnel. In evaluating whether to recommend that clients custody their assets at Schwab, IRC may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

#### Client Directed Brokerage

Prior to its participation in Schwab's advisory program, IRC required that clients utilize Morgan Stanley as the qualified custodian of their assets. Certain IRC clients have not established a relationship with Schwab and have chosen to continue their legacy custodial arrangements with Morgan Stanley. Thomas Ragland, the broker of record for IRC's clients' accounts at Morgan Stanley, is the brother of David Ragland. Transaction costs including commissions and other account servicing fees are paid directly to Morgan Stanley. Thomas Ragland receives compensation directly from Morgan Stanley. Because Thomas Ragland is David Ragland's brother, his receipt of compensation may have influenced IRC's prior requirement for clients to utilize Morgan Stanley as broker-dealer and custodian of their assets. This represents a conflict of interest for IRC. To mitigate this conflict, IRC no longer recommends Morgan Stanley as a qualified custodian.

These and other clients may sometimes wish to restrict brokerage to a particular broker or dealer in recognition of custodial or other services provided to the client by the broker or dealer. A client who chooses to designate use of a particular broker or dealer should consider whether such designation may result in certain costs or disadvantages to the client, either because the client may pay higher commissions on some transactions, or may receive less favorable execution of some transactions, or both. When clients direct brokerage, we may not be able to achieve the most favorable execution of client transactions and this practice may cost clients more money.

By directing IRC to use a specific broker or dealer, clients who are subject to ERISA confirm and agree that they have the authority to make the direction, that there are no provisions in any client or plan document which are inconsistent with the direction, and that the brokerage and other goods and services provided by the broker or dealer through the brokerage transactions are provided solely to and for the benefit of the client's plan, plan participants and their beneficiaries. Furthermore, they confirm that the amounts paid for the brokerage and other services have been determined by the client and the plan to be reasonable, that any expenses paid by the broker on behalf of the plan are expenses that the plan would otherwise be obligated to pay, and that the specific broker or dealer is not a party in interest of the client or the plan as defined under applicable ERISA regulations.

### Trade Aggregation

IRC, in placing transactions for client accounts, does not aggregate purchase and sale orders for various client accounts. Instead, individual orders are placed for each client account. By not aggregating client transactions, there is the possibility that a client may incur additional commission and transaction charges that would be otherwise the case if the client's order was executed in concert with other client's orders. Also, one client may receive an execution price better or worse than the next client for the same security.

### **Item 13 – Review of Accounts**

Client accounts are reviewed on an ongoing basis, often daily, for potential investment opportunities. No less than semi-annually, IRC reviews accounts and meets (either in person or via telephone) with clients concerning their investment portfolio. During this meeting, IRC reviews investment results and updates financial strategies in accordance to any changes that might have occurred during the last six months. Prior to or at the time of the meeting, IRC provides a written investment recap report summarizing the portfolio's yearly and historical performance. Reviews are undertaken by David Ragland, President of IRC.

Clients also receive at least quarterly statements from the qualified custodian that holds and maintains the client's investment assets.

### **Item 14 – Client Referrals and Other Compensation**

As noted above, IRC receives an economic benefit from Schwab in the form of support products and services it makes available to abbreviated company name and other independent investment advisors whose clients maintain accounts at Schwab. These products and services, how they benefit our firm, and the related conflicts of interest are described in **Item 12 - Brokerage Practices**. The availability of Schwab's products and services to IRC is based solely on our participation in the programs and not in the provision of any particular investment advice. Neither Schwab nor any other party is paid to refer clients to IRC.

### **Item 15 – Custody**

Under government regulations, IRC is deemed to have custody of your assets if, for example, you authorize us to instruct the custodian holding your account to deduct our advisory fees directly from your account; or if you grant us authority to move your money to another person's account. Schwab or Morgan Stanley maintains actual custody of your assets. You will receive account statements directly from the qualified custodian that holds and maintains your account at least quarterly. IRC urges clients to carefully review such statements and compare official custodial records to investment recap reports provided by IRC. Our reporting may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

### **Item 16 – Investment Discretion**

IRC manages money on a discretionary basis. Discretionary authority is granted in writing as part of the advisory agreement. Managing money on discretionary basis allows IRC to purchase, sell, invest, reinvest, exchange, and trade the assets in the account(s) of the client, subject to any restrictions imposed by the client. This means IRC will have the authority to determine what securities and investments are to be bought or sold, the amount of transactions, and the timing of transactions without seeking approval from the client prior to such transactions taking place. IRC maintains discretion in the selection of a broker-dealer

for execution of transactions. Client reserves the right to impose restrictions or guidelines on the management of the client's assets, including any limitations on the purchase or sale of particular securities or types of securities, though ultimate authority and decision-making for the purchase and sale of assets in client's account(s) rests with IRC.

#### **Item 17 – Voting Client Securities**

As a matter of firm policy and practice, IRC does not have any authority to and does not vote proxies on behalf of a client. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Clients should contact their advisor if they have any questions and/or to obtain this information. Clients will receive their proxies directly from their custodian or transfer agent.

#### **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about the adviser's financial condition. IRC has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.