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## **FORM ADV PART 2A BROCHURE**

This brochure provides information about the qualifications and business practices of Talis Advisory Services, LLC, which also uses Talis Advisors as a business name. If you have any questions about the contents of this brochure, please contact Jeffrey B. Everett, Chief Compliance Officer, at 972-378-1795. 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 Talis Advisory Services, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Talis Advisory Services, LLC is 135145.

Talis Advisory Services, LLC 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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## **Advisory Business**

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Talis Advisory Services, LLC is a Registered Investment Adviser based in Plano, TX. The firm is organized as a limited liability company under the laws of the State of Texas. The principal owners of the firm are John G. Jones and Jennifer L. Perkins through Pepper Family Partnership, Ltd., Robert J. Lamse and Jeffrey B. Everett. The firm was established in 2005.

As used in this brochure, the words "Talis", "Talis Advisors", "we", "our" and "us" refer to Talis Advisory Services, LLC and the words "you", "your" and "client" refer to you as either a client or a prospective client of our firm.

We provide financial planning and investment advisory services to select individual clients, trusts, foundations, qualified retirement plan sponsors, and business entities. We utilize a multi-disciplinary team approach to address your financial, tax, estate, and/or risk management planning needs. Our team includes a Certified Public Accountant (CPA) who is an American Institute of Certified Public Accountants (AICPA) certified Personal Financial Specialist (PFS) and a Certified Financial Planner® (CFP®). With your consent, we often consult with your other professional advisors as planning recommendations are formulated and/or implemented.

Our investment strategy is based upon leading academic research and the results of our own analyses. We believe that clients are best served, in the context of conservative investment portfolios, to tilt their portfolios toward small capitalization and value stocks, using broad diversification. This often permits a lowering of the client's overall allocation to equities, should the client so choose, which in turn increases the allocation of a client's portfolio toward short-term and intermediate-term high quality fixed income investments. Our research has shown that this usually results in less volatility for our client portfolios, with likely similar long-term (20 years or longer) portfolio returns.

We generally recommend institutional-class stock mutual funds with low annual expense ratios and extremely low internal transaction costs. At times, we may recommend other investment solutions, such as low cost bond funds or alternative asset class funds.

We actively seek to avoid, or at least minimize, conflicts of interest which may exist between our firm and our clients. We do not accept commissions for the sale of products. We do not recommend any fund which possesses a 12b-1 fee. However, all investment advisory firms will likely possess some unavoidable conflicts of interest. In those instances when conflicts of interest arise, we have adopted policies which seek to keep our clients' best interests paramount at all times. This brochure explains in further detail how we act to put your best interests first at all times.

More information regarding our firm is found in the pages that follow. Additional information, including brochures, white papers, articles, and newsletters prepared by our firm's financial advisors, can be found at [www.talisadvisors.com](http://www.talisadvisors.com). As of March 1, 2011 Talis Advisory Services, LLC managed \$114,400,000.00 in 543 accounts managed on a discretionary basis and \$7,738,000.00 in 9 accounts managed on a non-discretionary basis.

## **Fees and Compensation**

Form ADV Part 2A, Item 5

We charge annual fees for our services based on the fee schedule that is included in each client's advisory contract. The standard fee schedule is as follows:

- For portfolios under \$250,000.00, the annual fee is 1.00%.
- For portfolios between \$250,000.00 and \$999,999.99, the annual fee is 0.70%.
- For portfolios between \$1,000,000.00 and \$2,499,999.99, the annual fee is 0.50%.
- For portfolios between \$2,500,000.00 and \$4,999,999.00, the annual fee is 0.45%.
- For portfolios between \$5,000,000.00 and \$9,999,999.99, the annual fee is 0.40%.

Annual fees for larger portfolios are negotiated. The standard fee schedule is also negotiable based upon business considerations.

We use a separate fee schedule for pension plans, including defined contribution plans such as 401(k) plans. The annual fee is:

- 1.00% of the first \$500,000.00 of plan assets,
- 0.85% of the next \$1,500,000.00 of plan assets,
- 0.75% of the next \$2,000,000.00 of plan assets,
- 0.60% of the next \$6,000,000.00 of plan assets, and
- 0.50% of plan assets above \$10,000,000.00.

You may choose to engage us to provide financial planning services. Financial planning services are separate from our asset based fee for portfolio management. Financial planning services are performed on an hourly basis at rates that vary from \$175 to \$250 per hour or for a negotiated flat fee.

Fees are charged quarterly in arrears at the end of each calendar quarter (March 31, June 30, September 30, and December 31) and based on account values as of that day. Clients may choose to have fees deducted from their accounts through the qualified custodian or to be billed. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. In either case, clients receive quarterly notification of the fee and how it is calculated. Further, the qualified custodian will deliver an account statement to you at least quarterly.

All fees paid to Talis for investment advisory and financial planning services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. Mutual fund expenses are described in each fund's prospectus. These expenses will generally include a management fee, other fund expenses, and possibly a distribution fee. In addition, mutual funds incur transaction costs and opportunity costs, which are not disclosed in the fund's prospectus or statement of additional information.

Clients will incur transaction fees or commissions in connection with trading of mutual funds, exchange traded funds and/or individual stocks and bonds (and/or principal mark-ups and mark-downs for principal trades), which are charged by the custodian (the brokerage firm holding the client's assets for safekeeping). Mutual fund transaction fees charged by our recommended custodians, TD Ameritrade Institutional and Schwab Institutional, vary from \$17.99 to \$25 for each purchase or sale transaction. The transaction costs for stock and bond trades vary. We do not share in any portion of the transaction fees or commissions imposed by the custodian. Accordingly, the client should review the fees charged by the mutual funds (including transaction and opportunity costs within funds which are not included in a fund's annual expense ratio), the transaction fees charged by the custodian, as well as the fees charged by Talis, to fully understand the total amount of fees and costs paid by the client in connection with any recommended transaction. For a discussion of our practice in recommending brokers (custodians) to our clients and negotiating brokerage fees on their behalf, please see the *Brokerage Practices* section of this brochure.

Talis believes that the charges and fees offered within its program are competitive with alternative programs available through other firms offering a similar range of services; however, lower fees for comparable services may be available from other sources. A client could invest in mutual funds directly, without the services of Talis. In such a case, the client would not receive the services provided by Talis. These services are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives, undertake a disciplined approach to portfolio rebalancing while taking into account the tax ramifications of same, and to avoid *ad hoc* emotional reactions to short-term market events. Also, the funds of Dimensional Fund Advisors and some funds of AQR Capital Management may not be available to the client directly without the use of an investment adviser granted access to such funds. Some funds of AQR Capital Management may only be available to the client directly without the use of an investment adviser through a more expensive retail share class.

The majority of our clients pay Talis fees based upon a percentage of the assets we advise upon. This is a common form of compensation for registered investment advisory firms and avoids the multiple inherent conflicts of interest associated with commission-based compensation. However, this method of compensation can still lead to conflicts of interest between our firm and our client as to the advice we provide. For example, conflicts of interest may arise relating to the following financial decisions in life: incur or pay down debt; gift funds to charities or to individuals; purchases of a (larger) home or cars or other non-investment assets; the purchase of an annuity; expenditures of funds for travel or other activities; investment in private equity investments (private real estate ventures, closely held businesses, etc.), and the amount of funds to place in cash reserve accounts. Persons providing investment advice on behalf of our firm may be licensed as insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents may have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. However, you are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm. We have adopted internal policies to properly manage these and other potential conflicts of interest. Our goal is that our advice to you remains at all times in your best interests, disregarding any impact of the decision upon our firm.

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

Form ADV Part 2A, Item 6

Talis does not charge performance-based fees and does not participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Our fees are calculated as described in the *Advisory Business* section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

### ***Types of Clients***

Form ADV Part 2A, Item 7

We provide investment advice for individual clients, as well as trusts, foundations, qualified retirement plan sponsors, and business entities. In general, we require \$100,000.00 as a condition for opening an account. Clients may aggregate assets in multiple accounts in order to meet the minimum requirement. There is no minimum requirement for maintaining an account. We may choose to make exceptions to the minimum amount required to open an account when business conditions warrant.

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

Form ADV Part 2A, Item 8

Talis provides the investment strategy and its implementation for clients, utilizing a variety of securities or pooled investment vehicles (such as mutual funds). Clients receive the benefit of investment philosophies and strategies developed by Talis, research and due diligence, account monitoring, and personal financial planning recommendations. Investing in securities involves risk of loss that clients should be prepared to bear.

Our Investment Committee establishes the overall investment strategies employed by the firm, reviews the brokerage firms we recommend to our clients, and approves of particular investments which may be used by investment advisor representatives of our firm. The Investment Committee includes Robert J. Lamse and Jeffrey B. Everett.

Extensive academic research, investment information, and certain proprietary analyses are drawn upon by Talis in order to provide investment advisory services. Each of our clients receives a written Investment Policy Statement, which sets forth a recommended strategic asset allocation. Specific no-load mutual funds and other investment products and securities are then recommended to clients. Clients' portfolios are periodically monitored and changes to investment portfolios are suggested when appropriate. A disciplined approach to rebalancing is employed in order to maintain asset class exposures within desired risk tolerances, subject to variances permitted for tax reduction, tax planning, reduction of transaction fees, or other reasons.

In designing investment plans for clients, Talis relies upon the information supplied by the client and the client's other professional advisors. Such information may pertain to the client's financial situation, estate planning, tax planning, risk management planning, short-term and long-term lifetime financial goals and objectives, investment time horizon, and perceived current tolerance for risk. This information becomes the basis for the strategic asset allocation plan which we believe will best meet the client's stated long term personal financial goals. The strategic asset allocation provides for investments in those asset classes which Talis believes (based on historical data and our proprietary analysis) will possess attractive combinations of return, risk, and correlation over the long-term. A great deal of academic research concludes that strategic asset allocation determines the majority of the expected long-term gross returns of investor's portfolios. Our selection of asset classes is driven by research into global asset classes by such academics as Professor Eugene Fama, Sr. of the University of Chicago Booth Graduate School of Business and the Center for Research in Security Prices, Professor Kenneth French of Dartmouth College and many other academics and researchers.

The investment advice that Talis provides is based upon long-term investment strategies including the principles of Modern Portfolio Theory. The use of several different asset classes as part of an investor's portfolio is emphasized, as this has been shown to reduce portfolio volatility (*i.e.*, the standard deviation of the portfolio returns) over long periods of time. Talis allocates and diversifies the client's portfolio among various asset classes and among individual investments, following the investment policy agreed to by the client.

Our investment approach is firmly rooted in the belief that markets are efficient and that investors' gross returns are determined principally by asset allocation decisions. A focus is provided on developing and implementing globally diversified portfolios, principally through the use of low-cost and tax-efficient passively managed stock mutual funds that are generally available only to institutional investors and clients of advisers granted access to such funds. Investment policy and overall portfolio weightings between equities and fixed income investments are based upon each client's needs and desires, perceived risk tolerance, the need to assume various risks and investment time horizon. The portfolios of clients may then follow models designed by Talis to fit the overall weightings of equities (stocks, stock mutual funds, etc.) and fixed income investments (bond funds, CDs, etc.) in an investor's portfolio. For other clients, the investment portfolio's strategic asset class allocation is customized to meet the specific circumstances of the client, the presence of investments in 401(k) or other accounts, as well as a perception of the client's understanding of the fundamental forces affecting risk and return in the capital markets.

Our security analysis is based upon a number of factors including those derived from commercially available

software, securities rating services, general economic, market and financial information, due diligence reviews, and specific investment analyses that clients may request. The main sources of information include commercially available investment information and evaluation services, financial newspapers and journals, academic white papers and periodicals. Prospectuses, statements of additional information, other issuer prepared information, and data aggregation services (Morningstar Principia, etc.) are also utilized. Investment Committee members and advisors also attend various investment and financial planning conferences.

Research is also received from consultants, including academics affiliated with Dimensional Fund Advisors (DFA) and other firms. DFA provides historical market analysis, risk/return analysis, and continuing education services. Various computer software programs from DFA and from other third parties may also be utilized to better model the historical and/or expected returns of portfolio designs.

Each client typically receives an investment portfolio which consists primarily of no-load stock and bond mutual funds. The passively managed stock mutual funds offered by Dimensional Fund Advisors (DFA) are generally recommended. DFA mutual funds offer broad diversification and most are structured for low turnover, so as to substantially lessen the often substantial transaction costs incurred by mutual funds and ETFs as they trade securities within the fund. Consequently, the DFA stock mutual funds' total fees and costs are believed to be generally lower than the total fees and expenses incurred by most other stock mutual funds (including many ETFs and index funds) when comparing funds in the same asset class(es). Client portfolios may also include some individual equity securities, but these are generally part of clients' investment holdings prior to becoming a client of Talis. Some investment portfolios may also include fixed income investments (bond funds, primarily from DFA and Vanguard). Publicly traded real estate investment trusts (REIT mutual funds) and alternative (diversified arbitrage, managed futures, risk parity or multi-strategy alternative mutual funds) asset classes may be recommended for certain clients who desire to include real estate or alternatives in their asset allocation strategy.

Insurance products such as annuities and various types of life insurance products may also be evaluated. Recommendations may be undertaken to clients to invest in low-cost, no-load (no commission) variable annuities when appropriate to the circumstances and tax situation of the client. This occurs when a client possesses an existing high-cost variable annuity, and an exchange of the annuity is indicated rather than redemption for tax planning purposes, in order to seek to lower the total fees and costs paid by the client and/or provide different investment choices. At times, clients may be advised to retain an existing annuity, previously purchased by the client, or undertake partial or full surrenders of same (and/or tax-free exchanges), following an evaluation of the annuity contract, riders thereto, investment alternatives within the annuity and their fees and costs, including any surrender fees which may be imposed by the insurance company.

The investment recommendations seek to limit risk using broadly diversified stock mutual funds, and, for some clients, high quality diversified bond funds and/or highly diversified alternative asset class mutual funds. However, the investment methodology will still subject the client to declines in the value of their portfolios, which can at times be dramatic. We believe there exists a high probability in most market environments of a long-term (20 year or greater) outperformance of small cap and value stocks, relative to large cap and growth stocks, and hence the stock (equities) portion of an investor's portfolio may be "tilted" toward small cap and value stocks. Accordingly, the normally greater expected returns of the equity portion of the portfolio will, in turn, often permit the overall allocation to equities (stocks, stock mutual funds) to be reduced, and the allocation to fixed income (bond) investments increased. Talis believes this is the best way to temper the short-term volatility of the stock market, especially for clients who derive cash flow from their portfolios (such as clients who are in retirement years). Given the long-term nature of the expected equity premium (*i.e.*, the additional expected return for investing in the overall stock market, relative to less risky assets), and the long-term nature of the expected value and small cap effects, our investment philosophy is best suited for investors who desire a buy and hold strategy for a substantial portion of their funds. Our stock mutual fund strategies are usually appropriate for clients possessing an investment time horizon of a minimum of ten years, and preferably even longer. Even then, investing is inherently uncertain as to future returns. Talis does not engage in market-timing activities. We believe that the equity, value and small cap premiums are highly likely to occur in the future, over long periods of time. However, there can be no assurance that these effects will occur over any given time period. While Talis seeks to reduce non-compensated risks to which a client may be exposed, other risks (including but not limited to the risk of a general stock market decline) may be assumed in order to seek to



attain the client's longer-term financial goals and objectives; however, Talis cannot provide any guarantee that the client's goals and objectives will be achieved.

Certain securities asset classes recommended, such as value, micro/small cap, and small cap value stocks possess higher levels of volatility (as individual asset classes within a portfolio). Talis may employ these securities as part of an overall strategic asset allocation for a client, and when such is undertaken Talis possesses a reasonable belief that the risk-return relationship for these securities will likely be beneficial for the investor over the long term. While Talis does not recommend the purchase or holding of individual common stocks, clients at times desire to retain certain existing holdings, or to purchase same. Reasons for clients' desires might include emotional ties to the stock and/or the presence of substantial unrealized capital gains, or other reasons. When individual common stocks (and related types of individual securities, such as American Depositary Receipts) are held in a client's investment portfolio, the client remains exposed to specific company risk. While all Certificates of Deposit (CDs) purchased for our clients are FDIC-insured, the pricing of certain of these CDs, which trade in the secondary market, can vary; accordingly, due to price declines and/or transaction costs associated with trading, these CDs could lose value if redeemed prior to maturity. When CDs are recommended to clients, it is our intent that clients hold the CDs to maturity.

Cash in clients' investment accounts is typically swept into the bank or money market accounts of the custodians (TD Ameritrade Institutional or Schwab Institutional). Small cash amounts may be maintained in order to facilitate payment of advisory fees, which may have the effect of slightly reducing the portfolio's returns in periods when overall positive returns occur in the portfolio in excess of the interest rate paid on cash or cash equivalent deposits. While it is not the practice to encourage clients to maintain a large amount of cash in their accounts, such may be undertaken at the request of the client.

### ***Disciplinary Information***

Form ADV Part 2A, Item 9

Talis is required to disclose any 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. Talis and its management personnel have no reportable disciplinary events to disclose.

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

Form ADV Part 2A, Item 10

John B. Jones is the CEO and David H. Smith is the Managing Partner of Jones Square Financial Services, LLC ("Jones Square"), a diversified financial services company. Michael W. Perkins is the Secretary/CFO of Jones Square. David H. Smith may provide financial planning services to our clients through Jones Square. Jones Square may also provide accounting, tax preparation, and bookkeeping services to Talis our clients. However, no client is obligated to use any of Jones Square's services and Talis Advisors does not receive compensation from Jones Square for client referrals.

John B. Jones is the Chairman of the Board of Directors of United Community Bank in Highland Village, Texas. Talis Advisory Services, LLC's clients may also be clients of United Community Bank. However, no clients are obligated to use United Community Bank and Talis Advisors does not receive compensation from United Community Bank for client referrals.

Robert J. Lamse, R. Scott Maxwell and Gregory M. Schmitz are licensed as General Lines Agents for life, accident, and health insurance through Talis Financial Services, LLC, an insurance agency. Robert J. Lamse is the President and a Member of Talis Financial Services, LLC. Michael W. Perkins is the Secretary/CFO of Talis Financial Services, LLC. Jeffrey B. Everett is a Member of Talis Financial Services, LLC. Our clients may also be clients of Talis Financial Services, LLC. However, no clients are obligated to use Talis Financial Services.

John B. Jones is the President of Kinsman Ventures, LLC. Michael W. Perkins is the CFO of Kinsman Ventures, LLC. Kinsman Ventures is a real estate developer and provides property management/leasing of properties. Kinsman Ventures, LLC is the general partner/manager of individual partnerships that own real estate assets. Our clients may also be clients of Kinsman Ventures, LLC. However, no clients are obligated to be a client of Kinsman Ventures, LLC and Talis Advisors does not receive compensation from Kinsman Ventures, LLC for client referrals.

Michael W. Perkins is the Secretary/CFO of Kinsman Realty Advisors, LLC. Kinsman Realty Advisors, LLC provides property brokerage services and property management for commercial and residential real estate. Our clients may also be clients of Kinsman Realty Advisors, LLC. However, no clients are obligated use Kinsman Realty Advisors, LLC and Talis Advisors does not receive compensation from Kinsman Realty Advisors, LLC for client referrals.

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

Form ADV Part 2A, Item 11

Talis seeks to avoid material conflicts of interest. Accordingly, neither Talis nor its investment adviser representatives, nor its team members receive any third party direct monetary compensation (*i.e.*, commissions, 12b-1 fees, or other fees) from brokerage firms (custodians) or mutual fund companies. However, some additional services and non-direct monetary or other forms of compensation are offered and provided to Talis as a result of its relationships with custodian(s) and/or providers of mutual fund products. For example, our investment advisor representatives and employees may be invited to attend educational conferences and/or entertainment events sponsored by such brokerage firms or custodians or mutual fund companies. Other services may be provided as outlined below (see Item 12). Talis believes that the services and benefits actually provided to it by brokerage firms (custodians) and mutual fund providers do not materially affect the investment management recommendations made to its clients. However, in the interest of full disclosure of any potential conflicts of interest, we discuss the possible conflicts herein. Although Talis believes that its business methodologies, ethics rules, and adopted policies are appropriate to eliminate, or at least minimize, potential material conflicts of interest, and to manage appropriately any material conflicts of interest that may remain, clients should be aware that no set of rules can possibly anticipate or relieve all potential material conflicts of interest.

Talis has adopted a detailed Code of Ethics expressing the firm's commitment to ethical conduct, which is used to guide the personal conduct of our various team members. This detailed Code of Ethics describes the firm's fiduciary duties and responsibilities to clients and sets forth our practices of supervising the personal securities transactions of employees with prior or concurrent access to client trade information. Talis will provide a complete copy of the Code of Ethics to any client or prospective client upon request.

Talis does not currently participate in securities in which it has a material financial interest. Talis and its related persons, as a matter of policy, do not recommend to clients, or buy or sell for client accounts, securities in which the firm or its related persons has a material financial interest.

Our Code of Ethics provides that individuals associated with our firm may buy or sell securities for their personal accounts identical or different than those recommended to clients. However, it is the expressed policy of our firm that no person employed by the firm shall prefer his or her own interest to that of an advisory client nor make personal investment decisions based on investment decisions of advisory clients.

To supervise compliance with the Code of Ethics, our firm requires that anyone associated with this advisory practice and who possesses access to advisory recommendations (before or at the time they are entered into) ("access persons") to provide annual securities holding reports and quarterly transaction reports to our Chief Compliance Officer. We also require access persons to receive advance approval from the Chief Compliance Officer prior to investing in any initial public offerings or private placements, and with regard to trading of certain individual securities.

The Code of Ethics further includes our firm's policy prohibiting the use of material non-public information and protecting the confidentiality of client information. We require that all individuals must act in accordance with all applicable federal and state regulations governing registered investment advisory practices. Any individual not in observance of the above may be subject to discipline.

Talis, its managers, and/or its employees may buy or sell the same securities that are bought or sold in client accounts at or around the same time. In all such cases, recommendations are made with the best interest of the client being the foremost concern. At no time would the combined client and adviser transaction have a noticeable effect on the market.

## **Brokerage Practices**

Form ADV Part 2A, Item 12

Talis utilizes the services of TD Ameritrade Institutional and Schwab Institutional. Each custodian respectively provides our team members with access to institutional trading and custody services, which are typically not available to retail investors. These services generally are available to independent investment advisors on an unsolicited basis and at no charge to them. However, not all independent investment advisors recommend that their clients use particular custodians.

Talis participates in the advisory services program (ASP) of TD Ameritrade Institutional and Schwab Institutional. While there is no direct linkage between the investment advice given and participation in the ASPs, economic benefits are received which would not be received if Talis did not give investment advice to clients. The benefits provided by TD Ameritrade and Schwab include assistance with practice management and assistance with the management of client accounts, including but not limited to: (a) receipt of duplicate client confirmations; (b) receipt of electronic duplicate statements; (c) access to a trading desk serving investment adviser firm participants exclusively, and providing research, pricing information, and other market data; (d) access to the investment advisor portion of their web sites which includes practice management articles, compliance updates, and other financial planning related information and research materials; (e) access to other vendors (such as insurance or compliance providers, or providers of research or other materials) on a discounted fee basis through discounts arranged by the custodians; (f) permitting Talis to access an electronic communication network for client order entry and to access clients' account information and which may otherwise assist Talis with its back-office functions, including recordkeeping and client reporting; and (g) conferences at which advisors and employees of our firms may attend (with no registration fees) and receive education on issues such as practice management, marketing, investment theory, financial planning, business succession, regulatory compliance, and information technology.

Participation in the ASPs also provides access to certain mutual funds which generally require significantly higher minimum initial investments or are generally available only to institutional investors, such as the mutual funds of Dimensional Fund Advisors and AQR Capital Management. The benefits received through participation in the ASPs may depend upon the amount of transactions directed to, or amount of assets placed in custody with, TD Ameritrade Institutional or Schwab Institutional. Generally, these services may be used to service all or a substantial number of our clients' accounts. Educational, research, or other services provided by custodians or mutual fund companies may benefit all of Talis' clients, or may benefit only some clients.

While as a fiduciary, Talis endeavors to act in its clients' best interests, our desire that clients maintain much of their assets in accounts at TD Ameritrade Institutional or Schwab Institutional may be based in part on the benefit to our firm of the availability of some products and services (previously described) at no cost to us, or at reduced costs, and not solely on the nature, cost, or quality of custody and brokerage services provided by the brokers, and this may create a potential conflict of interest. Talis' clients may, therefore, pay higher transaction fees, commissions (for individual stock and ETF trades), and principal mark-ups and mark-downs (relating to purchases and sales on a principal, as opposed to an agency, basis), than those charged by other discount brokers. However, we have negotiated fees with the custodians we recommend, and we have selected these custodians for their generally low fees relative to other large custodians. We prefer to recommend custodians that possess significant size and financial resources for purposes of enhanced safety of clients' funds. For all of these reasons, the lowest cost custodian for clients may not be recommended to clients. Talis does not participate in referral programs that may be offered by custodians.

Talis has chosen not to aggregate (combine for purposes of securing reduced commissions or transaction fees) the trades of its clients. Not all client trade decisions are made at the same time and all trade decisions in taxable accounts are reviewed for near-term and long-term tax efficiency, which requires individual analysis of most trading decisions. This individual analysis of trades does not lend itself to computer software programs nor manual entry processes which would aggregate trades. As a result, our clients do not receive the benefits

of reduced transaction fees such aggregation of trades could provide to our clients. However, our clients may receive benefits from enhanced tax-efficient portfolio management, which clients of other investment advisers may not be receiving.

### ***Review of Accounts***

Form ADV Part 2A, Item 13

Client accounts are monitored on an ongoing basis by the investment advisor representative that is assigned to work with the specific client. Account reviews are held as agreed between you and your representative to ensure that the advisory services provided to you and/or the portfolio asset allocation are consistent with your stated investment goals and objectives. The review process includes a comparison of the recommended asset allocation to the actual asset allocation and evaluating the need for rebalancing.

Additional reviews may be triggered by client request, deposit or withdrawal of client funds, year-end tax planning, or a change in the client's stated goals or objectives.

Clients typically receive account statements from their custodian on a monthly basis, and never less frequently than quarterly. Performance reports may be furnished upon client request.

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

Form ADV Part 2A, Item 14

Talis directly compensates solicitors for client referrals. Solicitors perform responsibilities per written agreements in accordance with the instructions of Talis and the Investment Advisers Act of 1940, as amended, and rules thereunder, including SEC rule 206(4)-2 and/or any applicable state law. In its solicitation of clients for Talis, solicitors will use only investment advisory and marketing materials provided and approved by Talis.

For the solicitation services provided by solicitors, Talis pays to the solicitors, for so long as each agreement remains in effect; a percentage of all investment advisory fees received by Talis from any solicited clients. Payment to solicitors by Talis will have no effect on the advisory fee paid by the client to Talis as set forth in the investment advisory contract. Compensation will not be paid to any solicitor in the event that any such payment would constitute a violation of applicable federal or state law.

Please refer to the *Brokerage Practices* section above for disclosures on research and other benefits that we may receive from our relationships with qualified custodians or mutual funds.

Persons providing investment advice on behalf of our firm may be licensed insurance agents. For information on the conflicts of interest that this presents, and how we address these conflicts, please refer to the *Fees and Compensation* section above.

## ***Custody***

Form ADV Part 2A, Item 15

For clients that authorize direct payment of advisory fees, your independent custodian will directly debit your account(s). This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with an independent qualified custodian. You will receive account statements from the independent qualified custodians holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period.

You should carefully review account statements for accuracy. If you have a question regarding your account statement or if you did not receive a statement from your custodian, please contact us immediately at the telephone number on the cover page of this brochure.

## ***Investment Discretion***

Form ADV Part 2A, Item 16

Talis normally requires discretionary authority from advisory clients to determine which securities and the amounts of securities that are bought or sold in a client's account. Client grants this authority by means of a written investment advisory agreement. This agreement does not grant Talis the authority to take custody or possession of any client assets. Clients grant Talis limited power of attorney over their accounts at the selected custodian(s). Refer to the *Advisory Business* section of this brochure for more information on discretionary management.

## ***Voting Client Securities***

Form ADV Part 2A, Item 17

Talis does not vote proxy on behalf of advisory clients. Clients may choose to receive proxies and other solicitations directly from their custodian.

## ***Financial Information***

Form ADV Part 2A, Item 18

We are not required to provide financial information to our clients because we do not:

- Require the prepayment of more than \$1,200 in fees and six or more months in advance, or
- Take custody of client funds or securities, or
- Have a financial condition that is reasonably likely to impair our ability to meet our commitments to you.

## ***Additional Information***

Privacy Policy

We are committed to safeguarding the confidential information of each of our clients. We hold all personal information provided to our firm in the strictest confidence. These records include all personal information that we collect from you in connection with any of the services provided by Talis Advisory Services, LLC. We use financial information that you provide to us to help you meet your personal financial goals while guarding against any real or perceived infringements of your rights of privacy. Our policy with respect to personal information about you is contained in our privacy policy below.

- We limit access to information only to those who have a business or professional reason for knowing, and only to nonaffiliated parties as permitted by law. (For example, federal regulations permit us to share a limited amount of information about you with a brokerage firm in order to execute securities transactions on your behalf, or so that our firm can discuss your financial situation with your accountant or lawyer.)
- We maintain a secure office and computer environment to ensure that your information is not placed at unreasonable risk.
- The categories of nonpublic personal information that we collect from a client depend upon the scope of the client engagement. It may include information about your personal finances, information about transactions between you and third parties, or information from consumer reporting agencies.
- For unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors, we also require strict confidentiality in our agreements with them and expect them to keep this information private. Federal and state regulators also may review firm records as permitted under law.
- We do not provide any information to mailing list vendors or solicitors for any purpose.
- Personally identifiable information about you will be maintained during the time you are a client, and for the required time thereafter that such records are required to be maintained by federal and state securities laws, and consistent with the CFP Board Code of Ethics and Professional Responsibility. After this required period of record retention, all such information will be destroyed.

We continue to evaluate our efforts to protect personal information and make every effort to keep your personal information accurate and up to date. We will provide notice of changes in our information sharing practices. Talis Advisory Services offers several options for accessing and, if necessary, correcting your account information. You can review brokerage statements provided by your designated custodian, or you may email, write, or call us to request information. Email is an important form of communication between Talis Advisory Services and its clients. Talis Advisory Services may communicate information in emails that relate to subjects that include regulatory information or to send you information about our products or services. If you prefer not

to receive email communication, please call us at 972-378-1795.

Litigation and Class Action Settlements

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct or negligence by issuers of securities held by you.