

# **Eagle Investment Advisors, LLC**

## **ADV Part II Brochure January 2011 #1**

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Eagle Investment Advisors is a Pennsylvania Limited Liability Corporation owned by David L. Summers and Jay A. Painter and was formed in 2006. Eagle Investment Advisors is currently registered with the Securities and Exchange Commission and by change in regulation will be changing to registration with the Pennsylvania Securities Commission.

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### **Advisory Business and Services**

Eagle Investment Advisors (Eagle) is an investment adviser registered with the Appropriate Regulatory Agency that being either the Securities and Exchange Commission or the Commonwealth of Pennsylvania. Eagle provides investment advisory services to individuals, retirement plans, trusts, estates, charitable organizations, corporations. The services offered by Eagle are described below.

Eagle generally manages advisory accounts on a discretionary basis, but does allow for both non-discretionary accounts and for non-discretionary investments to be held in discretionary accounts. (An example of a non-discretionary investment held in a discretionary account would be an individual stock that the client has either asked us to purchase or has been transferred into the account.) Clients have the opportunity to restrict the types of investments which may be made on the client's behalf.

### **Investment/Wealth Management Services**

Through personal discussions and or structured questionnaires, Eagle develops goals and objectives based upon a client's investment time horizon and risk tolerance, as well as their circumstances and core financial-related values. Eagle assists the client in developing the client's personal investment policy, and then creates and manages a portfolio based on that policy. Eagle provides advice regarding client's specific financial concerns including the ability to retire and a determination of the required portfolio allocation and design to meet goals and objectives.

Eagle will allocate the client's assets among various investments taking into consideration the overall management style selected by the client. Investment strategies may include long-term and short-term purchases depending upon the individual needs of the client and market conditions. Eagle uses asset allocation, or spreading investments among a number of asset classes and sectors (domestic stocks vs. foreign stocks; large cap stocks vs. small cap stocks; corporate bonds vs. government securities) for most client accounts. Eagle will use individual holdings as well as mutual funds and exchange traded funds.

## Comprehensive Planning

Comprehensive planning includes a review of all aspects of a client's current financial situation, including, but not limited to the following components: cash management, risk management, insurance, education funding, goal setting, retirement planning, estate and charitable giving planning, tax planning, and capital needs planning.

Completion of a comprehensive plan which includes all of the above components generally takes several months to complete, and involves several meetings with the client, other family members as appropriate, and other professionals such as accountants and attorneys, review of related documents and data supplied by the client. Additional meetings may include a review of additional financial information; sources of income, assets owned, existing insurance, liabilities, wills, trusts, business agreements, tax returns, investments, and personal and family obligations, risk tolerance, financial goals and objectives, and time horizons.

The financial plan may include both long and short-term considerations, depending upon the individual scenario. Eagle provides the client with recommendations that are deemed to be compatible with the client's stated goals and objectives.

Upon completion, an implementation schedule may be reviewed with the client to determine which steps will be pursued, and with whom the steps may be accomplished. The client is under no obligation to utilize additional services of Eagle, and is under no obligation to implement the advice or plan. Clients may choose all or certain components of advice and recommendations and can implement the recommendations through the service providers of their choice.

Fees may be charged on an hourly or fixed fee basis. Once determined, the exact fee arrangement is set forth in the Planning Agreement. Hourly fees range from \$50 to \$200 per hour based upon the knowledge and experience of the individual providing the work.

## Limited Asset Management and Planning

Clients may also receive investment advice on a more limited basis. This may include advice on only an isolated area(s) of concern such as estate planning, retirement planning, or any other specific topic. Eagle also provides specific consultation and administrative services regarding investment and financial concerns of the client. Eagle also provides advice on limited non-securities matters. Generally, this is in connection with the rendering of estate planning, insurance, and/or annuity advice.

When electing limited financial planning services, the Client is requesting certain components of their overall financial concerns be considered for review. It should be understood that when electing limited services the Client's overall financial and investment issues are generally not taken into consideration. All fees are negotiable and fully disclosed in a written agreement.

## Compensation and Fees

Eagle's current fees are as follows and fees calculations are based on Assets Under Management

	Investment Advisory Service
First \$1,000,000 in aggregated assets	1.00%
Next \$2,000,000	0.75%
Above \$3,000,000	0.50%

Fees are payable quarterly in arrears and based upon the total asset value of each client's investment portfolio as of the date the account was established, prorated when necessary and as of the last day of the month of the preceding calendar quarter.

Eagle may enter into a fixed or negotiated fee arrangements.

### **Additional Information on Compensation**

In certain circumstances, fees, account minimums and payment terms may be negotiable.

Eagle's fees may be negotiable based on various criteria, including, but not limited to the size of the aggregate related party portfolio size and pre-existing relationships with clients. Compensation will ultimately be based on the time involved, the degree of responsibility assumed, complexity of the engagement, special skills needed to solve problems, the application of experience and knowledge of the client's situation.

Related accounts may be linked for purposes of fee calculation if all parties agree; meaning certain accounts, approved by Eagle, may be grouped for fee calculations.

Fees are not charged based on the capital gains or the capital appreciation of any funds or any part of any funds of any client in a manner prohibited by the Investment Advisors Act of 1940.

All fees paid to Eagle for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees will generally include a management fee, other fund expenses and a possible distribution fee. Mutual funds purchased by Eagle for a client account will be executed at NAV. Accordingly, the client should review the prospectus of a mutual fund regarding fees charged by the funds in conjunction with fees charged by Eagle to fully understand the total amount of fees to be paid by the client, and to thereby evaluate the advisory services being provided.

If the fund also imposes sales charges, the client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without the services of Eagle. In that case, the client would not receive the services provided by Eagle which 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. Accordingly, the client should review both the fees charged by the funds and the fees charged by Eagle to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

In addition to Eagle account fees clients may also incur certain charges imposed by third-parties which may include the following: mutual fund or money market 12b-1 and sub transfer fees; fund or money market management fees and administrative expenses; mutual fund transaction fees; IRA and qualified retirement plan fees and other charges required by law. Many broker / dealers (including Raymond James Financial Services, Inc.) will retain 12(b)-1 fees and any other fees paid by the mutual fund companies, rather than refunding them to the client. Eagle does not earn, charge or collect any commissions relative to any transactions implemented or retain any 12-b1 fees.

### **Conditions for Managing Accounts**

Eagle requires a minimum account size of \$200,000 for Investment Advisory accounts and \$500,000 for Wealth (Life) Management accounts. Waivers of exceptions from minimum account sizes may be granted at the exclusive discretion of Eagle management.

## **Investments**

Eagle will allocate the client's assets among various investments taking into consideration the overall management style selected by the client. The mutual funds will be selected on the basis of any or all of the following criteria: the fund's performance history; the industry sector in which the fund invests; the track record of the fund's manager; the fund's investment objectives; management style and philosophy; and management fee structure. Portfolio weighting between funds and market sectors will be determined by each client's individual needs and circumstances.

## **Investment or Brokerage Discretion**

Eagle generally has limited power of attorney to act on a discretionary basis on behalf of clients. When such limited powers exist between the client and Eagle, Eagle may choose both the amount and type of publicly traded securities to be bought to satisfy account objectives. This is the case with most of Eagle's clients. Additionally, Eagle accepts any reasonable limitation or restriction to such authority on the account placed by the client. All limitations and restrictions placed on account must be presented to Eagle in writing.

While Eagle may at times recommend brokers, the Client may direct Eagle in writing to use a particular broker or dealer to execute transactions for Client's account, of which the Client will negotiate terms and arrangements with that broker or dealer. In directing the use of a particular broker dealer, it should be understood that Eagle will not have authority to negotiate commissions or obtain volume discounts, and best execution may not be achieved.

In addition, a disparity in commission charges may exist between the commissions charged to other clients. Eagle will not seek better execution services or prices from other brokers or dealers and as a result, client could pay higher commissions, other transaction costs, greater spreads, or receive less favorable net prices on transactions for Client's account than would otherwise be the case.

Raymond James Financial Services (RJFS) is typically recommended to clients, and as a result, client transactions are generally executed through RJFS. Eagle does not have the discretion to determine the commission to be paid. When a client selects RJFS, commission rates will be the lowest rate available to Eagle based on its volume of activity; however, commissions may be charged which are higher or lower than commission rates at other broker dealers.

While it is possible that clients may pay higher commission or transactions fee through RJFS, Eagle has determined that RJFS currently offers the best overall value to Eagle and its clients for the customer service, brokerage, research services and technology it provides. Eagle believes these qualities make RJFS superior to most non-service oriented, deep-discount and internet/web based brokers that may otherwise be available to the public.

## **Review of Accounts**

Portfolios are generally monitored on a quarterly basis, however reviews could also occur at the time of new deposits, material changes in client's financial information, changes in economic cycles, at Eagle's discretion, or as often as the client may direct. Reviews entail analyzing securities, sensitivity to overall markets, economic changes, investment results and asset allocation, etc., to ensure the investment strategy and expectations are structured to continue to meet clients' objectives.

Investment management accounts are generally reviewed formally each quarter; accounts are frequently monitored and reviewed informally. Account reviews could also occur at the time of new deposits, during material changes in client conditions, at Eagle's discretion or according to the clients' direction.

Reviews are performed under the direction of Mr. Summers. Eagle encourages frequent client contact, but will seek out contact when practical for its clients. However, clients are obligated to promptly notify Eagle of any changes in the client's financial status to ensure that investment strategies continue to meet the client's changing needs.

Mr. Summers serves as primary contact on his client accounts and Mr. Painter serves as primary contact on his primary accounts. Each maintain contact with clients by phone or in person; however, administrative personnel will assist with general client communication and services when appropriate.

Clients' receive account statements and activity reports at least quarterly from custodial and brokerage firms. Eagle may prepare reports or communications related to investment advisory services provided or as may be requested by clients.

### **Margin**

When appropriate to the needs of the client, Eagle may recommend the use of margin transactions. Because this investment strategy involves a certain degree of additional risk, it will only be recommended when consistent with the client's stated tolerance for risk.

### **Custody**

With the exception of the ability to debit client account for fees, Eagle does not and will not have custody of clients' funds or securities.

Client assets shall be held in the custody of a bank, trust company or brokerage firm agreed upon by the Client and Eagle. However, as part of the Investment Management Agreement signed by the Client, the Client authorizes Eagle to debit fees directly from the Client's account at the custodian.

Eagle sends invoices or other acceptable communication to the custodian which states the amount of the fee. The custodian is advised in writing of the limitation of Eagle's access to the account. The custodian will also send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of advisory fees paid directly to Eagle.

Though Eagle will assist the Client in establishing and maintaining accounts at the custodian, Eagle shall have no responsibility or liability with respect to custodial arrangements or the acts, omissions or other conduct of the custodian.

### **Proxy Voting**

Eagle neither votes proxies for clients, nor provide advice to clients about how to vote proxies. The custodian sends proxies directly to the clients for voting.

### **Privacy of Client Information**

Eagle provides a Privacy Notice to each client at the time of engaging Eagle's services, and annually thereafter. The Privacy Notice discloses the type of information Eagle collects regarding a client, any third party Eagle may share information with and safeguards over client privacy.

## Education and Business Standards

Eagle requires individuals providing investment advice to have a college degree and/or a minimum of three years of experience in the securities field with specialized training. In addition, individuals must be properly licensed and registered, unless exempted, in states in which such individuals are conducting investment advisory business.

## Education and Business Background

**David L. Summers**

Date of Birth: 05/22/1954

### Business Background:

Eagle Investment Advisors Principal and Chief Compliance Officer	2006 Present
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Weathervane Wealth Management* Senior Vice President	2004 - 2006
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Patriot Advisors* Vice President	2003 - 2004
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Patriot Bank Corp* Vice President	2003 - 2002
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Bonds and Paulus Associates, Inc* Vice President (* each of these was acquired by the other)	2002 - 2002
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First Financial Bank Downingtown, PA Vice President/ Senior Trust Officer	1997 - 2001
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Downingtown National Bank Downingtown, PA Vice President/ Senior Trust Officer	1984 - 1997
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### Education:

Penn State University  
Criminal Justice and Business Administration  
Delaware County CC  
Cannon Financial Institute  
Pennsylvania School of Estates and Trusts  
Paralegal in Estates and Trust  
American College of Financial Planning  
Kaplan Financial

### Professional Designations and Licenses:

NASD Series 7  
NASAA Series 65  
Pennsylvania Life and Health Insurance License

- Mr. Summers is a general partner of VSS, LLC, a commercial real estate company, located in East Brandywine Township, Downingtown, PA. Eagle Investment Advisors currently leases commercial office space from this firm.

**Jay A. Painter**

Date of Birth 01/28/1961

Eagle Investment Advisors Principal and Chief Investment Officer	2006 Present
Weathervane Wealth Management* Senior Vice President	2004 - 2006
Patriot Advisors* Vice President	2003 - 2004
Patriot Bank Corp* Vice President	2003 - 2002
Bonds and Paulus Associates, Inc* Vice President (* each of these was acquired by the other)	1998 - 2002
Financial Reserources, Inc. Financial Analyst	1997-1998
Milbern Associates, aka The Hankin Group, Vice President of Finance	1984-1996

**EDUCATION AND BUSINESS BACKGROUND** (continued)

Jay A. Painter (continued)

**Education**

B.S. Business and Economics, Lehigh University 1983  
CFA Society of Philadelphia  
Equity Research and Valuations Techniques 2003 and 2005  
CFA Institute – annual conference and seminars

**Professional Designations and Licenses:**

NASD Series 7  
NASAA Series 65  
Pennsylvania Licensed Real Estate Broker – Mr. Painter is a real estate broker with Eagleview Properties and receives compensation as a consultant for the firm.

**Participation or Interest in Client Transactions**



Eagle and its employees may buy or sell securities identical to those recommended to customers for their personal accounts. Because of this commonality of interest, Eagle has adopted a Code of Ethics and Statement for Insider Trading that each employee must comply. The Code contains provisions reasonably necessary to deter misconduct and conflicts of interest and to detect any violation. The Code's key provisions include:

- Statement of General Principles
- Policy on Personal Securities Transactions, including
  - Pre-clearance on IPO's and Private Placements
  - Procedures for Reporting Personal Securities Transactions and Holdings
- Code of Conduct
- Annual Acknowledgements by Covered Personnel

In addition, the Code contains the following additional provisions:

- A director, officer, or employee of Eagle shall not buy or sell securities for their personal portfolio where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the Financial public upon reasonable inquiry.
- No associated person of Eagle shall prefer his or her own interest to that of the client.
- All individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisers.
- Any individual not in compliance with the Code of Ethics may be subject to termination.

Eagle will provide a copy of its Code of Ethics to any client or prospective client upon request.

### **Additional Compensation**

Eagle may have the opportunity to receive traditional "non-cash benefits" from RJFS such as customized statements; receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk servicing RJFS Advisors exclusively; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; ability to have investment advisory fees deducted directly from client accounts; access to an electronic communication network for client order entry and account information; access to mutual funds which generally require significantly high minimum initial investments or those that are otherwise only generally available to institutional investors; reporting features; receipt of industry communications; and perhaps discounts on business-related products.

RJFS may also provide general access to research and perhaps discounts on research products. Any research received is used for the benefit of all clients. Eagle has no written or verbal arrangements whereby it receives soft dollars. From time to time, RJFS may offer production-based incentives such as the ability to attend industry-related conferences or other benefits; however, Eagle does not believe that such incentives impair Eagle's independence.

While these individuals endeavor at all times to put the interest of the clients first as part of Eagle's fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of these individuals when making recommendations.

**Termination**

A Investment Advisory or Wealth (Life) Management Agreement may be canceled with 30 days written notice by either party. Upon termination of any account, any prepaid, unearned fees will be promptly refunded and any earned, unpaid fees will be due and payable.

The client may terminate the Investment Management Agreement without penalty (full refund or no fees due) within 5 business days of signing the Agreement if Eagle's ADV Part II was not delivered at least 48 hours prior to engagement.

Either party may terminate financial planning agreements upon receipt of 30 days written notice. Upon termination of a financial planning engagement, any prepaid, unearned fees will be promptly refunded based upon the time spent and services rendered by Eagle up to the time of termination.