

**Item 1 – Cover Page**

# **Bishop & Company Investment Management, LLC**



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December 19, 2011

**Form ADV, Part 2** (the "Brochure") is required by the Investment Advisers Act of 1940. It is an important document between our Clients ("you", "your", "Clients") and Bishop & Company Investment Management, LLC ("Bishop & Company", "us", "we", "our").

*This Brochure provides information about the qualifications and business practices of Bishop & Company Investment Management, LLC. If you have any questions about the contents of this Brochure, please contact us at (814) 314-0344. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.*

*Additional information about Bishop & Company Investment Management, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

We are a registered investment adviser with the Securities and Exchange Commission. Our registration as an investment adviser does not imply any level of skill or training.

## Item 2 – Material Changes

Filing Date: December 19, 2011

1. We have reduced our standard fee schedule from 1.00% per year on the assets under management you have with us, to a new, tiered-rate. The new tiered rate begins at 1.00% and then declines to lower fee percentage rates based on your assets under management with us. Our fee schedule is described more fully in Item 5 of this brochure titled Fees and Compensation.
2. We may, at any time, update this Disclosure Brochure and either send you a copy or offer to provide you with a copy at your request.
3. If you would like another copy of this Brochure, please download it from the SEC website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), or contact us and we will provide one to you.

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## **Item 4 – Advisory Business**

Bishop & Company is owned and operated by our sole principal, Michael W. Bishop. We have been in business since March 2008 as a fee-only investment management firm. This means we are only compensated by fees paid to us directly by our Clients. We receive no other sources of compensation (such as commissions paid to us by brokers or fees paid to us by mutual fund companies).

We provide the following services to our Clients:

- 1) Discretionary Investment Management;**
- 2) Investment Consulting for Plan Sponsors of Participant-Directed Retirement Plans; and**
- 3) Research and Consulting Services.**

Each of these services is more fully described below:

### **Discretionary Investment Management** (referenced as “Discretionary Client”).

The services that we offer to you as a Discretionary Client include the following:

- Assisting in the design of investment objectives by identifying your: rate of return goals, investment horizon, available resources, and risk tolerance;
- Recommending an asset allocation based on your designed investment objectives;
- Identifying investment securities suitable for your asset allocation;
- Supervising and administering the investment of your portfolio’s assets;
- Monitoring and reporting on the performance of your portfolio’s assets;
- Rebalancing your portfolio back to your asset allocation targets as needed; and
- Discussing changes in your financial situation and/or changes in the financial markets that may impact your asset allocations and portfolio holdings.

Each account we manage for you will be assigned one of the following three investment objectives:

- Long-Term Growth (maximum allocation to stocks of 100%)
- Moderate Growth (maximum allocation to stocks of 75%)
- Conservative Growth (maximum allocation to stocks of 40%)

Within these three broad investment objectives, we will define a specific asset allocation target for your account. For example, you may have a written investment objective with us stating “Moderate Growth.” Within this “Moderate Growth” investment objective, we may further identify a specific target of 60% stocks and 40% bonds and money markets for your account.

After your asset allocation is determined and initial investments are made, we will continue to monitor your account. We monitor your account to determine if your portfolio position weightings have moved outside of the investment objective we have established for you. If so, we will rebalance your portfolio (typically on a semi-annual recurring basis), by executing trades through your custodian, to achieve alignment with your determined investment objective.

We believe the most prudent way to build long-term wealth and provide for broad diversification is to invest your account in no-load mutual funds and Exchange Traded Funds (“ETFs”). In rare exceptions, we may hold other securities (such as individual stocks, bonds, or annuities) in lieu of mutual funds or ETFs in your account. If you desire, you may direct us, in writing, to maintain certain securities in your account that we manage. The expenses charged by any holding in your account are separate from our fee and are disclosed in each individual securities’ prospectus.

We do not participate in any wrap-fee programs.

**Investment Consulting for Plan Sponsors of Participant-Directed Retirement Plans** (referred to as Plan Sponsor Client).

The services that we offer to you as a Plan Sponsor Client of a 401(k) or 403(b) plan include the following:

- Assisting in the coordination of a record-keeper and custodian to enable your plan to offer comprehensive retirement planning solutions;
- Making recommendations for the design and lineup of diversified investment options for your plan participants;

- Designing model portfolio recommendations for your plan participants using the fund options available in your plan;
- Conducting an annual review of your plan's available investment options and the review of all fees and expenses charged to the plan; and
- Providing semi-annual group presentations to your plan participants that will include a summary of the investment market environment and/or recommendations on saving for retirement.

### **Research and Consulting Services** (referred to as "Research Service Client").

Bishop & Company is available to review and provide an independent analysis on particular investment choices and/or decisions. We may be consulted by corporate boards, non-profit entities, third-party plan administrators, individuals, and other professional firms.

### **Assets Under Our Management**

As of November 30, 2011, Bishop & Company had total assets of \$103,931,655 million under management as follows:

Discretionary Assets Under Management	\$100,795,252
Non-Discretionary Assets Under Management	<u>+3,136,403</u>
Total Firm Assets Under Management	<u>\$103,931,655</u>

## **Item 5 – Fees and Compensation**

Our fees for services depend on the type of service we provide to you. Each fee arrangement is discussed in more detail below:

### **Our Fees for Discretionary Clients:**

Our standard fee for Discretionary Client services is as follows:

	<b>Assets Under Management</b>	<b>Annual Fee Percentage</b>
From	\$0 to \$500,000	1.00%
Portion between	\$500,000 to \$1,000,000	0.85%
Portion between	\$1,000,001 to \$2,000,000	0.70%
Portion between	\$2,000,000 to \$3,000,000	0.50%
Portion over	\$3,000,000	0.30%

Our standard minimum fee for Discretionary Clients is \$5,000 per year.

At our discretion, we may negotiate our standard fee with you and may charge a fee lower than our standard Discretionary Client fee. Whether a lower fee is charged is dependent on a number of factors, including, but not limited to, the value of your assets under our management, the nature of your assets, the type of analysis required to manage your account, and our overall relationship with you.

Our fee is due and payable quarterly in advance. Your initial fee is due and payable upon your execution of our Investment Management Agreement. The initial fee will be assessed pro rata through the end of the then current calendar quarter. The initial fee charged is based on the initial value of the assets used to fund your account. Subsequent fee charges will be calculated on the first day of each calendar quarter and shall be based on the value of your account as of the close of business on the last business day of the preceding quarter.

All Discretionary Client fees will be deducted directly from your brokerage account, unless you elect in writing to be billed. If we deduct the fee from your account, you will be provided with a quarterly statement of the fee charged. You will be billed for the fee if you elect to do so, or if your custodian is unable to deduct our fee from your account.

All billed fees will be due within thirty (30) days of the date of billing. Any billed fee not paid within 30 days of such billing is subject to a 1% monthly interest charge. We reserve the right to suspend our investment management services in the event any fee becomes more than 30 days overdue.

***We may change our standard Discretionary Client fee rate effective upon thirty (30) days' written notice to you of such change. Any change in our fees will be disclosed in any future Brochure and will be deemed to be accepted by you thirty (30) days after the mailing of the Brochure unless you object in writing and that writing is received within thirty (30) days of mailing.***

Either you or Bishop & Company may terminate your Investment Management Agreement within five (5) days of the date of acceptance of the Investment Management Agreement by Bishop & Company without any cost to you. After the five (5) day period, either party may terminate the Agreement by providing written notice to the other party. If the Agreement is terminated, we will provide you with a prorated refund of any prepaid fees actually paid to us. The refund will be based upon the date that is earlier of when: 1) all of your assets have transferred out of your account with us, or 2) the date that we are removed from your account as the named adviser with your custodian.

#### **Other Third-Party Fees you may incur:**

In addition to our Discretionary Client fee, you may also be responsible for fees and other costs charged by third parties when we purchase or sell securities for your account. Third party fees are paid directly to your broker, custodian, or the mutual fund or other investment vehicle that is held in your account. We do not share in or participate in these third-party fees in any manner. Such third party fees and expenses may include:

- Brokerage commissions;
- Transaction fees;
- SEC fees;
- Management and Administrative fees charged by Mutual Funds and ETFs;
- Custodial fees;
- Deferred sales charges;
- Wire transfer and electronic fund processing fees; and
- Commissions or mark-ups / mark-downs on security transactions.

Please see Item 12 "Brokerage Practices" for more information on fees and costs charged by your brokers and custodians.

There are no fees charged by Bishop & Company to terminate an account you have with us. However, if you transfer or liquidate your account, you may be subject to a transaction and/or termination fee from the broker/custodian of your account. We do not participate in these fees, nor derive any form of compensation from such fees.

#### **Our Fees for Investment Consulting to Plan Sponsors of Participant-Directed Retirement Plans:**

We charge a flat annual fee amount for Investment Consulting services to retirement plan sponsors (the "IC fee"). The IC fee charged by us is negotiated with each plan sponsor. The amount that we charge you as a plan sponsor is dependent on a number of factors, including, but not limited to, the amount of time required to consult on your plan, the type of analysis required to consult on your plan, the number of locations and plan participants we will be required to service, and our overall relationship with you.

Unless otherwise agreed to by us, we charge a minimum IC fee of \$5,000 per year.

Our IC fee is payable quarterly in advance. The initial IC fee is due and payable upon your execution of our Investment Consulting Agreement. The initial IC fee will be assessed pro rata through the end of the then current calendar quarter. Subsequent IC fee charges will be calculated on the first day of the calendar quarter.

IC fees will be deducted directly from your retirement plan account, unless you elect in writing to be billed for the fee. If our IC fee is deducted from your account, we will provide you with a quarterly statement of the IC fee charged. You will be billed for the IC fee if you elect to do so, or if your custodian is unable to deduct our IC fee from your account.

Our IC fee will be due within thirty (30) days of the date of billing. Any IC fee not paid within 30 days of such billing is subject to a 1% monthly interest charge. We reserve the right to suspend our investment consulting services in the event any fee becomes more than 30 days overdue.

***We may change the IC fee we charge effective upon thirty (30) days' written notice to you of such change. A change in the annual IC fee disclosed in any future Brochure will be deemed accepted by you thirty (30) days after the mailing of the Brochure unless you object in writing and that writing is received within thirty (30) days of mailing.***



Either you or Bishop & Company may terminate your Investment Consulting Agreement within five (5) days of the date of our acceptance of the Investment Consulting Agreement without any cost to you. After the five (5) day period, either you or Bishop & Company may terminate the Agreement by providing written notice to the other. If the Agreement is terminated, we will provide you with a prorated refund of any prepaid IC fees actually paid to us. The refund will be based upon the date we receive written notification to terminate the Investment Consulting Agreement.

**Other Third Party Fees that you may incur:**

In addition to our IC fee, your retirement plan may incur other fees charged by third-parties, including, but not limited to:

- Recordkeeping fees;
- Transaction fees;
- Custodial fees;
- Management and Administrative fees charged by mutual funds and/or ETFs;
- Compliance testing and reporting fees.

These fees are charged by and paid directly to third parties. We do not participate in these fees or derive any compensation from them.

While there are no fees charged by Bishop & Company to terminate our Agreement with you, the recordkeeper and/or custodian of your plan may charge certain termination fees, which will be disclosed within their respective agreements with you. We do not participate in these fees or derive any form of compensation from them.

**Our Fees for Research and Consulting Services:**

As each research and consulting situation is different and unique to the services being requested, our fees are determined through negotiation with each Client. Our fee for these specific one-time services is a negotiated fee generally determined based on the amount of time required to complete the project request and is set as a flat fee or hourly rate.

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

We do not charge advisory fees, or so called performance-based fees, which are based on a share of the capital appreciation on the securities in your account.

Our fee compensation is charged only as a percentage of assets or a flat fee as more fully disclosed in Item 5 (Fees and Compensation) above.

## **Item 7 – Types of Clients**

We provide services to a wide variety of Clients including:

- Individuals;
- Trusts, Estates, Foundations, Endowments and Charitable Organizations;
- Corporations and other Business Entities; and
- 401(k), Profit Sharing and Pension plans.

We require a minimum account value of \$500,000 to open an account with us, unless we specifically agree otherwise.

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

### **Analysis:**

Bishop & Company uses a combination of fundamental, technical data, charting and graphing to assess risks and opportunities in the capital markets. Fundamental data (such as corporate earnings growth rates, dividend yields, and price to earnings ratios on stocks) helps us identify areas of the market we believe offer compelling financial opportunities. Technical data (such as the volume of trading activity in the market and monitoring trends of the major market indexes) helps us identify both attractive and unattractive supply and demand characteristics in the market. Charting and graphing this information helps us identify potential extremes versus long-term historical norms. Though these techniques are beneficial to the process, they do not guarantee that selected investments will perform as expected.

Throughout our investment analysis process, we review numerous sources of information, including:

- Research materials prepared by others;
- Discussions with mutual fund groups and other portfolio managers.
- Information learned while attending professional investment conferences;
- Corporate rating services;
- Financial newspapers and magazines;
- Annual reports, prospectuses, and filings with the Securities and Exchange Commission; and
- Company press releases and announcements;

We provide investment advice on, and typically invest Client funds in, the following types of securities:

- Investment company securities (including mutual fund shares and variable annuities);
- Equity securities (including exchange-listed securities, securities traded over the counter and foreign issues);
- Corporate debt securities (other than commercial paper);
- Municipal securities;
- United States Government securities;
- Certificates of Deposits;
- Real Estate Investment Trusts (REITs) and Master Limited Partnerships
- Interests in partnerships (including those investing in real estate); and
- Warrants;

Investing in any of the above-listed securities involves risk of loss. See below for more details.

#### **Investment Strategies:**

When implementing our investment advice, we normally invest for the long-term with an expected holding period of at least one year. We may, however, make decisions that result in a short-term holding period (less than one year) for positions in your account. We typically do not engage in the following strategies when managing your account, which could increase the provision of loss:

- Trading (securities sold within thirty (30) days);
- Short Sales;
- Margin Transactions; and
- Option writing, including covered options, uncovered options, or spreading strategies.

#### **Risk of Loss:**

Any investment in securities includes a risk of loss of your principal (the amount you invest) and any profits that have not been realized (i.e. securities not sold to “lock in” the profit). The financial markets fluctuate substantially. In addition, as recent global and domestic economic events have indicated, performance of any investment is not guaranteed. International investments that we may use to manage your account, carry the additional risks of currency and political uncertainty. As a result, for all securities, there is a risk of loss of the assets we manage for you that may be out of our control.

We will do our very best in the management of your assets; however, we cannot guarantee any level of performance or that you will not experience a loss of your account assets.

## Item 9 – Disciplinary Information

In August 2010, Bishop & Company became aware of its inadvertent failure to pay a filing fee of \$117 when we registered our employee Investment Advisor Representative with the Commonwealth of Pennsylvania. After self-reporting this omission to the Pennsylvania Securities Commission, we were assessed a monetary fine. Our Investment Advisor Representative's registration with Pennsylvania has been updated and corrected.

For more information, you can contact us, or the Pennsylvania Securities Commission and reference docket number 2010-09-21.

## Item 10 – Other Financial Industry Activities and Affiliations

The services offered by Bishop & Company are more fully described in Item 4 (Advisory Business). We are **not** registered (nor do we have an application pending for registration) as a:

- Broker-dealer, municipal securities dealer, or government securities dealer or broker;
- Investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund”, and offshore fund);
- Other investment adviser or financial planner;
- Futures commission merchant, commodity pool operator, or commodity trading adviser;
- Bank or thrift institution;
- Accountant or accounting firm;
- Lawyers or law firm;
- Insurance company or agency;
- Pension consultant;
- Real estate broker or dealer; and
- Sponsor or syndicator of limited partnerships.

Finally, Bishop & Company and its employees are **not** general partners in any partnership in which you may be solicited to invest.

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

In 2004, the SEC adopted a new rule and rule amendments under Section 204 of the Investment Advisers Act of 1940. Under this new rule, every SEC-registered investment advisory firm is required to adopt a Code of Ethics. Accordingly, Bishop & Company has adopted a Code of Ethics

(referred to as our "Code"), the full text of which is available to you, or to any prospective client, upon request.

**Our Code is based on the principal that employees of our Firm have a fiduciary duty to our Clients. Our Code sets forth standards of business, fiduciary and ethical requirements for our employees. Under our Code, our employees are: (i) required to comply with all applicable Federal and State Securities Laws; (ii) required to keep your personal information confidential; (iii) prohibited from acting on or misusing material non-public information; (iv) regulated in trading personal securities (for what we call "reportable securities" as mandated by regulation); and (iv) required to always put your financial interests ahead of our own.**

Our Code includes the following tenants:

- It is our policy that priority will always be given to the trading of your account over the trading of our own or our employees' accounts.
- We do not buy any investments from your account for our own account or for any employee's account. Likewise, we do not sell any investments that we own (or our employees own) to you from our accounts. Such types of trades are known as "Principal Trading."
- Our Code prohibits our employees from investing in Initial Public Offerings (IPO's).

Our Code does not prohibit personal trading by our employees. As a professional investment adviser, we follow our own advice. Therefore, we may purchase or sell for ourselves the same or similar securities that you may own in your account. There may be times when we purchase or sell securities for ourselves at the same time that we place transactions for your account. This may occur when we initiate a Block Trade (as discussed in Item 12 Brokerage Practices).

As part of our Code, our employees are required to report any violation or suspected violation of any rule, policy, and/or procedure set forth in our Code to our Chief Compliance Officer.

Any employee found to have violated any rule, policy, and/or procedure set forth in our Code will be subject to appropriate corrective action, up to and including termination.

Our Code is distributed to each employee at the time of hire, and annually thereafter. We require all employees to certify in writing that they are compliant with our Code upon each distribution of it to them each year.

## Item 12 – Brokerage Practices

### Brokerage Practices

Bishop & Company does not maintain custody of the assets that we manage for you. However, we may be deemed to have custody of your assets if you give us the authority to withdraw assets from your account (see Item 15 – Custody).

Your assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. We typically recommend that our Clients use Charles Schwab & Co., Inc. (“Schwab”), a registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated and are not affiliated with Schwab, or any other custodian. Your qualified custodian will hold your assets in a brokerage account and buy and sell securities when we instruct them. While we typically recommend that you use Schwab as your custodian/broker, you will decide whether to do so and will independently open your account with the qualified custodian of your choosing by entering into an account agreement directly with them. We will assist you with the process of opening an account with Schwab. Regardless of who serves as your qualified custodian, we may use other brokers to execute trades for your account as described below (see “Your Brokerage and Custody Costs”).

### How We Select Brokers/Custodians

We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that are, overall, the most advantageous to you when compared to other available providers and their services. We may not necessarily recommend brokers based solely on the lowest available fees. Rather, we consider a wide range of factors, including, but not limited to:

- Transaction execution services and asset custody services (generally without a separate fee for custody);
- Capability to execute, clear, and settle trades (i.e. buy and sell securities for your account);
- Capability to facilitate transfers and payments to and from your account (i.e. wire transfers, check requests, bill payment, etc.);
- Breadth of available investment products (stocks, bonds, mutual funds, ETFs, etc.);
- Availability of investment research and tools that assist us in making investment decisions for your account;
- Quality of services;
- Competitiveness of the price of those services (commission rates and trading costs) and willingness to negotiate the prices;
- Reputation, financial strength, and stability;
- Prior service to us and our Clients; and
- Availability of other products and services that benefit us, as discussed below (see “Products and Services Available to Us From Schwab”).

## **Your Brokerage and Custody Costs**

If your account is maintained at Schwab, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account.

We have requested, on your behalf, a negotiated commission rate for any account you maintain at Schwab. Schwab has provided this negotiated commission rate for all of our client accounts held with them that is based on the economics of our relationship with them. The negotiated commission rate may change at Schwab's discretion. This negotiated commission benefits you because the overall commissions that you pay are lower than they would otherwise be with Schwab.

In addition to commissions, Schwab may charge you a flat dollar amount as a "prime broker" or "trade away" fee for trades that we execute by a different broker-dealer that are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we normally have Schwab execute trades for your account maintained at Schwab.

We have determined that having Schwab execute most trades is consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see "How We Select Brokers/Custodians").

## **Products and Services Available to Us from Schwab**

If our Clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab, we are provided access to Schwab Adviser Services™ (formerly called Schwab Institutional®), which is Schwab's business serving independent investment advisory firms like ours. These services both you and us with access to their institutional brokerage —trading, custody, reporting, and related services — many of which are not typically available to Schwab's retail customers. In addition, Schwab makes available various support services that help us manage and administer your account and to grow our business. Schwab's support services generally are available on an unsolicited basis (we do not have to request them) and at no charge to us. However, if our Clients collectively have less than \$10 million in assets at Schwab, Schwab reserves the right to charge us a quarterly service fee of \$1,200 for these services. Following is a more detailed description of the benefits that Schwab support services provide:

### **Services That Benefit You.**

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by you. These services generally benefit you and your account.

### **Services That May Not Directly Benefit You.**

Schwab also makes available to us other products and services that benefit us in managing and administering your account, but may not directly benefit you. The primary benefit of these services is investment research, both Schwab's own and that of third parties. We use this research to service all or a substantial number of our Clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provides access to client account data (such as duplicate trade confirmations and account statements);
- Facilitates trades execution and allocates aggregated trade orders for multiple client accounts;
- Provides pricing and other market data;
- Facilitates payment of our fees from our Clients' accounts; and
- Assists us with back-office functions, recordkeeping, and client reporting.

### **Services That Generally Benefit Only Us.**

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events;
- Consulting on technology, compliance, legal, and business needs;
- Publications and conferences on practice management and business succession; and
- Access to employee benefits providers.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may discount or waive its fees for some of these services or pay all or a part of a third party's fees. In addition, Schwab may provide us with other benefits, such as occasional business entertainment of our personnel.

### **Our Interest in Schwab's Services**

The availability of the services from Schwab discussed above benefits us, because we do not have to produce or purchase the services from ourselves. Provided our Clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab, we incur no cost for these services. Beyond that, these services are not contingent upon us committing any other specific amount of business to Schwab, including executing a certain number of trades per period. The added value of these services provides us incentive to recommend that you maintain your account with Schwab. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in your best interests. Our recommendation of Schwab is primarily supported by the scope, quality, and price of its services (see above "How We Select Brokers/Custodians") and not on our savings on the services Schwab offers us for free. Currently, we have \$112 million in client assets under management, and we do not believe that recommending our Clients collectively maintain at least \$10 million of those assets in accounts at Schwab, in order to avoid paying Schwab's quarterly service fee, presents a material conflict of interest for us. Under no circumstance will you be charged a fee higher than that normally charged by Schwab for the sole purpose of maintaining our free use of the services provided by Schwab. Whether or not you



maintain your account with Schwab, we will use Schwab's services to benefit your account, so long as we are provided access to them.

### **Block Trading**

As a general rule, security transactions are executed separately for each client account. However, there may be instances when we make a decision to purchase or sell a security for a number of Clients using the same broker-dealer (i.e.: Schwab) at the same time. This is known as "Block Trading." In such instances, trades for multiple client accounts, and our own, may be aggregated into one single order to obtain the same average price for each client account affected.

### **Your Direction to us for using a specific Broker-Dealer/Custodian**

If you decide to use a particular broker-dealer/custodian other than Schwab, the commission rates and transaction costs are agreed upon between you and that broker-dealer/custodian. In those cases, we are not responsible for obtaining best execution, which may cost you more money. In addition, in the instances when we may aggregate multiple client trades or execute block trades with Schwab, because your account will be with a different broker-dealer/custodian, you may receive a less favorable price.

### **Broker-Dealer/Custodian for Participant-Directed Retirement Plans**

You, as a Plan Sponsor Client, may desire to have the custody of your retirement plan assets with a broker-dealer/custodian other than Schwab. In these cases, we may recommend or assist you in the selection of a broker-dealer/custodian by considering a wide range of factors, including, among others:

- Capability to custody and allow your plan participants to transfer between a diversified menu of no-load mutual funds and/or ETFs;
- Capability to facilitate transfers and payments to and from your retirement plan account (i.e. contributions, rollovers, distributions, etc.);
- Quality of services;
- Competitiveness of the price of those services for retirement plans (i.e. the fees and expenses of the available investment options and possible recordkeeping costs if applicable);
- Reputation, financial strength, and stability; and
- Prior service to us and our other Clients.

## **Item 13 – Review of Accounts**

Bishop & Company reviews all discretionary client accounts at least semi-annually. Upon review, your account is analyzed by Michael W. Bishop, CFA to determine if rebalancing your security holdings is required. To rebalance the account, we will buy and/or sell securities, if necessary, in your account so that your account's asset allocation and sector holdings align with the targets we

have established. Interim or more extensive reviews may be triggered by a number of factors. These factors may include, but are not limited to, changes in:

- Your financial circumstances;
- Your level of deposits or withdrawals into or from your account;
- Changes in your security positions; and
- Changes in market conditions.

Your broker-dealer/custodian is responsible for providing monthly or quarterly account statements to you, which reflect the positions, current pricing, transactions, and any investment management fees paid from your account. In addition, your broker-dealer/custodian will provide confirmation of trading activity and year-end tax reporting (such as IRS Form 1099) for your account.

Bishop & Company provides a quarterly written report for each Discretionary Investment Management account you have with us. This quarterly report includes a summary of your portfolio holdings, asset allocation, a performance overview, and an invoice listing the calculation and fee amount billed by us. For taxable accounts, we will also provide you, by late February of each year, a summary of any realized gains/losses that may have occurred in the prior year.

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

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisers whose Clients maintain their accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12 – Brokerage Practices). The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for you.

## **Item 15 – Custody**

Bishop & Company does not maintain actual physical custody of the assets that we manage for you. However, under government regulations, we are deemed to have custody of your assets under certain circumstances, such as when you authorize us to instruct your broker-dealer/custodian (such as Schwab) to deduct our advisory fees directly from your account.

You will receive account statements directly from your broker-dealer/custodian at least quarterly. The statements provided by them will be sent to the postal mailing address or email address you provided to your broker-dealer/custodian.

You should carefully review any statements that you receive from the broker-dealer/custodian of your account. We also urge you to compare the statements received from the broker-dealer/custodian with the quarterly account statements that you receive from us.

## **Item 16 – Investment Discretion**

As a Discretionary Investment Management client, we require you to execute:

**1) A Bishop & Company Investment Management Agreement and corresponding Investment Objective Form; and**

Our Investment Management Agreement states that we have full discretionary authority over your account, provided that all investments comply with your written Investment Objectives. As discretionary investment manager for you, we will be responsible for both the selection and quantity of the securities to be bought and sold in your account. You may direct us or provide certain restrictions on our investment authority by doing so in writing (such as the purchase of specific securities, of which you then will be responsible for investment discretion of those specific securities). In addition, if you direct your broker/dealer to purchase a security in the account we manage for you, then you will be responsible for the investment discretion of that specific security.

**2) A Limited Power Of Attorney (LPOA) Form from your broker-dealer/custodian.**

You must execute a broker-dealer/custodian's Limited Power of Attorney form which appoints us with discretionary authority to affect trades on your behalf within your broker-dealer/custodian account.

## **Item 17 – Voting *Client* Securities (i.e. Proxy Voting)**

It is our policy not to vote proxies on behalf of our Clients. Any proxy materials you may receive will come directly from your broker-dealer/custodian or transfer agent.

If you request, we can assist you with voting your shares, or answering questions you may have on a solicitation.

## **Item 18 – Financial Information**

If an adviser charges or solicits pre-payment of \$1,200 or more in fees per client six (6) months or more in advance, then the Adviser is required to provide a balance sheet for the most recent fiscal year. Since this is not the case for Bishop & Company, we do not fall within the scope of this requirement, and no balance sheet is provided.

## **Item 19 – Requirements for State-Registered Advisers**

Bishop & Company is registered with the SEC. We currently notice file with the Commonwealth of Pennsylvania and the State of Florida for Michael W. Bishop, our sole executive officer, as our employee I.A.R.

### **Brochure Supplement on Michael W. Bishop, CFA.**

Mr. Bishop was born in 1969. He attended college at Gannon University where he received a Bachelor of Science degree in Finance and Economics in 1991. Mr. Bishop is a CFA charterholder.

#### **About CFA**

The Chartered Financial Analyst (CFA) charter is a globally respected, graduate-level investment credential established in 1962 and awarded by the CFA Institute — the largest global association of investment professionals.

There are currently more than 90,000 CFA charterholders working in 135 countries. To earn the CFA charter, candidates must: 1) pass three sequential, six-hour examinations; 2) have at least four years of qualified professional investment experience; 3) join the CFA Institute as a member; and 4) commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct.

#### **High Ethical Standards**

The CFA Institute Code of Ethics and Standards of Professional Conduct, enforced through an active professional conduct program, require CFA charterholders to:

- Place their clients' interests ahead of their own,
- Maintain independence and objectivity,
- Act with integrity,
- Maintain and improve their professional competence,
- Disclose conflicts of interest and legal matters.

#### **Global Recognition**

Passing the three CFA exams is a difficult feat that requires extensive study (successful candidates report spending an average of 300 hours of study per level). Earning the CFA charter demonstrates mastery of many of the advanced skills needed for investment analysis and decision making in today's quickly evolving global financial industry. As a result, employers and clients are increasingly seeking CFA charterholders—often making the charter a prerequisite for employment.

Additionally, regulatory bodies in 19 countries recognize the CFA charter as a proxy for meeting certain licensing requirements, and more than 125 colleges and universities around the world have incorporated a majority of the CFA Program curriculum into their own finance courses.

### **Comprehensive and Current Knowledge**

The CFA Program curriculum provides a comprehensive framework of knowledge for investment decision making and is firmly grounded in the knowledge and skills used every day in the investment profession. The three levels of the CFA Program test a proficiency with a wide range of fundamental and advanced investment topics, including ethical and professional standards, fixed-income and equity analysis, alternative and derivative investments, economics, financial reporting standards, portfolio management, and wealth planning.

The CFA Program curriculum is updated every year by experts from around the world to ensure that candidates learn the most relevant and practical new tools, ideas, and investment and wealth management skills to reflect the dynamic and complex nature of the profession.

To learn more about the CFA charter, visit [www.cfainstitute.org](http://www.cfainstitute.org).

Mr. Bishop has almost two decades of experience in investment advising. Beginning in 1994, and continuing until 2002, he served as Chief Investment Officer and Manager of the Heritage Trust Division of Northwest Savings Bank. In 2002, Mr. Bishop resigned from his position at Northwest Savings Bank to join Wedgewood Investors, Inc., where he served as portfolio manager. He remained with Wedgewood Investors, Inc. until he started Bishop & Company in March of 2008.

During Mr. Bishop's career, the only disciplinary action taken against him was the Administrative proceeding described in Item 9.