

**Firm Brochure**  
(Part 2A & B of Form ADV)

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This brochure provides information about the qualifications and business practices of Evans Investment Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at: 225-761-7870, or by email at: [wade@eia-br.com](mailto:wade@eia-br.com). 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 Evans Investment Advisors, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

March 28, 2018

## **Material Changes**

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### **Annual Update**

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

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### **Material Changes since the Last Update**

EIA has established a relationship with the Schwab Advisor Network through which EIA may receive referrals from Charles Schwab and Company, Inc. and will compensate Schwab as more fully described on page 10 et seq.

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### **Full Brochure Available**

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: 225-761-7870 or by email at: [WADE@EIA-BR.COM](mailto:WADE@EIA-BR.COM).

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# Advisory Business

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## **Firm Description**

EVANS INVESTMENT ADVISORS, LLC, (EIA or Advisor) was founded in 2008.

EIA provides personalized confidential financial planning and investment management to individuals, pension and profit sharing plans, trusts, estates, charitable organizations and small businesses. Advice is provided through consultation with the client and may include: determination of financial objectives, identification of financial problems, cash flow management, tax planning, insurance review, investment management, education funding, retirement planning, and estate planning.

Investment advice is provided on a discretionary basis and on a nondiscretionary basis. EIA does not act as a custodian of client assets. We recommend Charles Schwab & Company, Inc. as custodial agent, however the client may choose other custodians subject to EIA approval. The client always maintains asset control. EIA places trades for clients under a limited power of attorney.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by the client on an as-needed basis. Conflicts of interest will be disclosed to the client in the unlikely event they should occur.

The initial meeting, which may be by telephone or in person, is free of charge and is considered an exploratory interview to determine the extent to which financial planning and investment management may be beneficial to the client.

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## **Principal Owners**

Gregory Wade Evans is a 90% stockholder. Barton Thomas Evans is a 10% stockholder.

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## **Types of Advisory Services**

### *Asset Management*

EIA provides investment advisory services to individuals, corporations and other business entities, and qualified retirement plans on a discretionary basis and on a non-discretionary basis. EIA will gather information on a client's financial history, goals, objectives, and financial concerns and assist client in developing an asset allocation strategy. Accounts will be managed based on the individual needs of the client. EIA will form the basis of the asset allocation using one or more of five allocation models depending on the client's risk tolerance and income objectives. The model(s) will then be adjusted to fit each client's particular needs. Client portfolios are primarily constructed with mutual funds. Clients are advised that their account may be similar to multiple other clients selecting the same model portfolio. The advisory representative will provide assistance in selecting a model(s) suitable to the client's investment strategy. Clients will grant discretionary authorization for EIA to buy and sell securities

as deemed appropriate by EIA. Clients may contact EIA at any time to discuss their account and may set restrictions and limitations on their account.

EIA does not act as a custodian of client assets. The client always maintains asset control. EIA places trades for clients under a limited power of attorney.

### *Third Party Asset Management*

EIA may recommend that clients engage certain Third Party Asset Managers ("TPAM") to manage all or a portion of their assets. EIA's advisory representatives will provide individualized advisory services to their clients through the selection of a suitable TPAM. Factors considered in the selection of a TPAM include but may not be limited to: i) the management style, performance, reputation, pricing and reporting capabilities of the TPAM; ii) the client's risk tolerance, goals and objectives, as well as investment experience; and, iii) the amount of client assets available for investment. In order to assist clients in the selection of a TPAM, the advisory representative will typically gather information from the client about the client's financial situation, investment objectives, and reasonable restrictions the client wants imposed on the management of the account.

All securities transactions will be decided upon and executed by the TPAM. Typically, the third party investment manager will exercise discretionary authority in the management of client accounts. EIA and its advisory representatives will not manage, or obtain discretionary authority over the assets in accounts participating in these programs; however, clients may grant advisory representatives the discretionary authority to hire and fire such third party managers.

EIA's advisory representatives will review reports provided to the client on a monthly basis. An advisory representative will contact the client at least annually, or more often as agreed upon with each client, to review the client's financial situation and objectives, communicate information to the TPAM managing the account as warranted, and to assist the client in understanding and evaluating the services provided by the TPAM. Clients will be expected to notify their advisory representative of any changes in their financial situation, investment objectives, or account restrictions.

A complete description of the programs and services provided, the amount of total fees, the payment structure, termination provisions and other aspects of each program are detailed and disclosed in: i) the TPAM's Form ADV Part II; ii) the program wrap brochure (if applicable) or other applicable disclosure documents; iii) the disclosure documents of the portfolio manager or managers selected; or, iv) the TPAM's account opening documents. A copy of all relevant disclosure documents of the TPAM and of the individual portfolio manager(s) will be provided to anyone interested in these programs/managers.

### *Financial Planning and General Consulting*

Advisor will provide financial planning and business consulting based upon an hourly rate or a flat fee quoted in advance. Consultations may be general in nature or may focus on particular areas of interest, at the request of the client. Where services are limited in nature, the client should understand that Advisor will be working on a limited scope and therefore may not be able to take all factors into consideration. During the

time of engagement, clients are obligated to notify Advisor promptly if the client experiences a change in financial conditions in order to provide Advisor the opportunity to make changes in advice or strategies and if changes are required, there may be additional fees involved.

Since the planning services provided are limited to address only certain components of the typical financial process, the services provided may not address all client circumstances and undisclosed investments or liabilities. Clients should note that the same or similar services to those described above may be available elsewhere at a lower cost to the client.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by the client on an as-needed basis. Conflicts of interest will be disclosed to the client in the unlikely event they should occur.

The initial meeting, which may be by telephone or face to face, is free of charge and is considered an exploratory interview to determine the extent to which financial planning and investment management may be beneficial to the client.

As of December 31, 2017, EIA manages approximately \$159,296,000 in assets for approximately 572 accounts. Approximately \$156,628,425 is managed on a discretionary basis, and \$2,667,575 is managed on a non-discretionary basis.

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### **Tailored Relationships**

The goals and objectives for each client are documented during the initial interview and follow up meetings. Investment policy statements are created that reflect the stated goals and objective. Clients may impose restrictions on investing in certain securities or types of securities.

Agreements may not be assigned without client consent.

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### **Types of Agreements**

The following agreements define the typical client relationships.

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#### **Financial Planning Agreement**

A financial plan is designed to help the client with all aspects of financial planning without ongoing investment management after the financial plan is completed.

The financial plan may include, but is not limited to: a net worth statement; a cash flow statement; a review of investment accounts, including reviewing asset allocation and providing repositioning recommendations; strategic tax planning; a review of retirement accounts and plans including recommendations; a review of insurance policies and recommendations for changes, if necessary; one or more retirement scenarios; estate planning review and recommendations; and education planning with funding recommendations.

Detailed investment advice and specific recommendations are provided as part of a financial plan. Implementation of the recommendations is at the discretion of the client.



Fees for planning services are \$150.00 per hour while fixed fees generally range between \$500 and \$5,000. All fees are negotiable at the discretion of EIA management. Clients are asked to deposit an initial retainer for future services to be rendered regardless if services are to be rendered on an hourly or flat fee basis. In no case will the retainage be held for more than six months before the services are rendered. If an hourly rate is charged, services performed beyond the initial retainage will be billed every 30 to 90 days. If a flat fee is quoted, services beyond the initial retainage amount will be billed at the completion of the engagement. Retainage paid initially to the advisor is refundable to the client based upon the client giving the advisor thirty days notice of termination of the contract. Retainage will be refunded to the client based on the advisor's time involvement through the termination date multiplied by the current hourly rate. Advisor will also furnish advice to the clients on matters relating to employee benefit plans and insurance needs. Neither Advisor nor its related persons practice law or accounting. It is the client's responsibility to understand the need to secure the services of other professional advisors when necessary.

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### **Advisory Service Agreement**

Most clients choose to have EIA manage their assets in order to obtain ongoing in-depth advice and life planning. All aspects of the client's financial affairs are reviewed, including those of their children. Realistic and measurable goals are set and objectives to reach those goals are defined. As goals and objectives change over time, suggestions are made and implemented on an ongoing basis.

The scope of work and fee for an Advisory Service Agreement is provided to the client in writing prior to the start of the relationship. An Advisory Service Agreement includes: cash flow management; insurance review; investment management (including performance reporting); education planning; retirement planning; estate planning; and tax planning, as well as the implementation of recommendations within each area.

All advisory services can be terminated within 5 days of signing the Agreement without penalty (full refund or no fees due) when Advisor's Form ADV Part II is not delivered at least 48 hours prior to the time of engagement. Otherwise, services can be terminated at any time with a written notice. Clients are only billed for time incurred by Advisor until receipt of the notice of termination.

The initial fee is pro-rated for the first partial quarter, if any. Advisor will not have the authority to withdraw funds or take custody of client's funds or securities other than where the client has authorized the deduction of investment advisory fee via a qualified custodian. Fees are never based upon the performance of the account.

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### **Retainer Agreement**

In some circumstances, a *Retainer Agreement* is executed in lieu of an *Advisory Service Agreement* when it is more appropriate to work on a fixed-fee basis. The annual fee for a *Retainer Agreement* is negotiable.

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### **Investment Management Agreement**

An *Investment Management Agreement* may be executed when financial planning is not provided as part of the relationship. The annual fee for an *Investment Management Agreement* is negotiable

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### **Hourly Planning Engagements**

EVANS INVESTMENT ADVISORS, LLC provides hourly planning services for clients who need advice on a limited scope of work. The hourly rate for limited scope engagements is \$150.00

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### **Asset Management**

Assets are invested primarily in no-load or low-load mutual funds and exchange-traded funds, usually through discount brokers or fund companies. Fund companies charge each fund shareholder an investment management fee that is disclosed in the fund prospectus. Discount brokerages may charge a transaction fee for the purchase of some funds.

Stocks and bonds may be purchased or sold through a brokerage account when appropriate. The brokerage firm charges a fee for stock and bond trades. EIA does not receive any compensation, in any form, from fund companies.

Investments may also include: equities (stocks), warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities (variable life insurance, variable annuities, and mutual funds shares), U. S. government securities, options contracts, futures contracts, and interests in partnerships.

Initial public offerings (IPOs) are not available through EIA.

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### **Termination of Agreement**

A Client may terminate any of the aforementioned agreements at any time by notifying EIA in writing and paying the rate for the time spent on the investment advisory engagement prior to notification of termination. If the client made an advance payment, EIA will refund any unearned portion of the advance payment.

A Client may also terminate any of the aforementioned agreements within 5 days of signing the Agreement without penalty (full refund or no fees due) when Advisor's Form ADV Part II is not delivered at least 48 hours prior to the time of engagement.

EIA may terminate any of the aforementioned agreements at any time by notifying the client in writing. If the client made an advance payment, EIA will refund any unearned portion of the advance payment.

## Fees and Compensation

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### Description

Investment advisory fees are billed to clients on a quarterly basis, in arrears, based on the average account value during the quarter. The maximum annual investment management fee is based on the following schedule:

Average Assets Under Management	% Fee
For the first \$250,000	1.25%
For the next \$750,000	1.00%
For the next \$1,000,000	0.80%
For the next \$1,000,000	0.60%
For the next \$2,000,000	0.50%
For amounts over \$5,000,000	0.45%

Fees are negotiable at the discretion of management. All fees paid to advisor for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other expenses. If the fund also imposes a sales charge, a client could pay an initial or deferred sales charge. Fees paid to advisor are exclusive of all custodial and transaction costs paid to account custodians or brokerage firms. The client should review all fees charged by mutual funds, the advisor and others to fully understand the total amount of fees to be paid by the client.

The initial fee is pro-rated for the first partial quarter, if any. Advisor will not have the authority to withdraw funds or take custody of client's funds or securities other than where the client has authorized the deduction of investment advisory fee via a qualified custodian. Fees are never based upon the performance of the account.

Some *Retainer Agreements* may be priced based on the complexity of work, especially when asset management is not the most significant part of the relationship.

Financial plans are priced according to the degree of complexity associated with the client's situation.

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### Fee Billing

Investment management fees are billed quarterly, in *arrears*, meaning that we invoice you after the three-month billing period has ended. Payment in full is expected upon invoice presentation. Fees are usually deducted from a designated client account to facilitate billing. The client must consent in advance to direct debiting of their investment account.

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### **Other Fees**

Custodians may charge transaction fees on purchases or sales of certain mutual funds and exchange-traded funds. These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

EIA, in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

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### **Expense Ratios**

Mutual funds generally charge a management fee for their services as investment managers. The management fee is called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company charges 0.5% for their services. These fees are in addition to the fees paid by you to EIA.

Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted.

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### **Past Due Accounts and Termination of Agreement**

EIA reserves the right to stop work on any account that is more than 30 days overdue. In addition, EIA reserves the right to terminate any financial planning engagement where a client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate, in EIA's judgment, to providing proper financial advice. Any unused portion of fees collected in advance will be refunded within 30 days.

## **Performance-Based Fees**

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### **Sharing of Capital Gains**

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

EIA does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

## **Types of Clients**

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### **Description**

EIA generally provides investment advice to individuals, pension and profit sharing plans, trusts, estates, or charitable organizations, corporations or business entities.

Client relationships vary in scope and length of service.

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### **Account Minimums**

EIA does not set specific account minimums.

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

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### **Methods of Analysis**

Security analysis methods may include charting and cyclical analysis.

The main sources of information include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

Other sources of information that EIA may use include Morningstar Principia mutual fund information, Morningstar Principia stock information, Charles Schwab & Company's "Schwab Advisor Center" service, Advisor Intelligence, and the World Wide Web.

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### **Investment Strategies**

The primary investment strategy used on client accounts is strategic asset allocation utilizing a core and satellite approach. This means that we use one or more model portfolios as the core investments, and may then add alternative investment securities where there are greater opportunities to make a difference. Portfolios are globally diversified to control the risk associated with traditional markets.

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. Each client executes a Client Agreement that documents their objectives and their desired investment strategy.

Other strategies may include long-term purchases and short-term purchases.

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### **Risk of Loss**

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular

underlying circumstances. For example, political, economic and social conditions may trigger market events.

- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

## **Disciplinary Information**

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### **Legal and Disciplinary**

The firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

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

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### **Affiliations**

Some employees of EIA are also registered representatives of FSC Securities Corporation ("FSC"), an unaffiliated, registered broker/dealer. Clients are under no obligation to purchase or sell securities through FSC. If transactions are conducted,

commissions may be earned in addition to any fees paid to Advisor. The receipt of commissions for recommended products could represent an incentive for the advisory representative to recommend products that pay a commission over other products, therefore creating a conflict of interest. All potential clients of EIA are advised in advance of the affiliation which Advisor and its employees have with FSC. Commissions earned may be higher or lower at FSC than other broker/dealers. If commissions are charged, they are determined by the broker/dealer's base commission schedule.

Advice offered by employees of EIA may involve investment in mutual funds. Load and no-load mutual funds may pay annual distribution charges, sometimes referred to as 12b-1 fees. Payment of these fees is included in the expense ratios of the mutual funds. These 12b-1 fees come from fund assets, and thus, indirectly from the clients assets. 12b-1 fees may be initially paid to FSC, and a portion allocated to related persons who are also registered representatives of FSC. The receipt of these fees could represent an incentive for registered representatives to recommend funds with 12b-1 fees or higher 12b-1 fees over funds with no fees or lower fees, therefore creating a potential conflict of interest.

Employees of EIA may receive commissions from the sale of insurance products and services, working with various insurance companies. Sales transactions will be completed only by licensed agents. Clients are under no obligation to purchase any insurance products and/or services through agents affiliated with EIA.

FSC also makes available to EIA other services intended to help Advisor manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. On occasion, FSC provides funding in the form of loans as incentive to independent registered representatives to establish broker-dealer relationships with FSC. Such loans are to assist in the transition and expansion of their practice. All or a portion of the loans require cash repayments of principal and interest if specific production levels are not achieved over a specified time frame. Any year in which the practice achieves its production levels initiates pro rata loan forgiveness by FSC. This, in turn, represents taxable income to the practice. Advisory representatives of EIA may be recipients of such a loan.

EIA receives client referrals from Charles Schwab & Co., Inc. (Schwab) through EIA's participation in Schwab Advisor Network\* (the Service). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with EIA. Schwab does not supervise EIA and has no responsibility for EIA's management of clients' portfolios or EIA's other advice or services. EIA pays Schwab fees to receive client referrals through the Service. EIA participation in the Service may raise potential conflicts of interest described below.

EIA pays Schwab a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by EIA is a percentage of the fees the client owes to EIA or a percentage of the value of the assets in the client's account, subject to a minimum Participation Fee. EIA pays

Schwab the Participation Fee for so long as the referred client's account remains in custody at Schwab. The Participation Fee is billed to EIA quarterly and may be increased, decreased or waived by Schwab from time to time. The Participation Fee is paid by EIA and not by the client. EIA has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs EIA charges clients with similar portfolios who were not referred through the Service.

EIA generally pays Schwab a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from Schwab. This Fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees Advisor generally would pay in a single year. Thus, EIA will have an incentive to recommend that client accounts be held in custody at Schwab.

The Participation and Non-Schwab Custody Fees will be based on assets in accounts of EIA's clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, EIA will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit EIA's fees directly from the accounts.

For accounts of EIA's clients maintained in custody at Schwab, Schwab will not charge the client separately for custody but will receive compensation from EIA's clients in the form of commissions or other transaction-related compensation on securities trades executed through Schwab. Schwab also will receive a fee (generally lower than the applicable commission on trades it executes for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees. Thus, EIA may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer. EIA nevertheless acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Schwab may be executed through a different broker-dealer than trades for EIA's other clients. Thus, trades for accounts custodied at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

Charles Schwab and Company, Inc. also makes available to EIA other products and services that benefit EIA but may not benefit its clients' accounts. Some of these other products and services assist EIA in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements); facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts); provide research, pricing information and other market data; facilitate payment of EIA's fees from its clients' accounts; and assist with back-office functions, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of EIA's accounts, including accounts not maintained at Schwab Institutional. Schwab Institutional also makes available to EIA other services intended to help EIA manage and further develop its business enterprise. These services may include



consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, Schwab may make available, arrange and/or pay for these types of services rendered to EIA by independent third parties. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to EIA. While as a fiduciary, EIA strives to act in the client's best interest, EIA's recommendation that clients maintain their accounts at Schwab may be based in part on the benefit to Advisor of the availability of some of the foregoing products and services and not solely on the nature, cost and quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

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

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### **Code of Ethics**

The employees of EIA have committed to a Code of Ethics that is available for review by clients and prospective clients upon request. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

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### **Participation or Interest in Client Transactions**

EIA and its employees may buy or sell securities that are also held by clients. Employees who wish to purchase or sell securities of the types purchased or sold for clients may do so only in a manner consistent with EIA's policies, which are outlined in its Code of Ethics.

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### **Personal Trading**

The Chief Compliance Officer of EIA is Gregory Wade Evans. He reviews all employee trades each quarter. His trades are reviewed by his supervisor with FSC Securities Corporation. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of the firm receive preferential treatment. Since most employee trades are small mutual fund trades or exchange-traded fund trades, the trades do not affect the securities markets.

## **Brokerage Practices**

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### **Selecting Brokerage Firms**

EIA has an affiliation with FSC Securities Corporation, a securities Broker/Dealer. Specific custodian recommendations are made to Clients based on their need for such services. EIA recommends custodians based on the proven integrity and financial responsibility of the firm and the best execution of orders at reasonable commission rates.

EIA also recommends discount brokerage firms and trust companies (qualified custodians), such as Charles Schwab and Company, Inc.

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### **Best Execution**

EIA reviews the execution of trades at each custodian each quarter. The review is documented in the EIA *Compliance Manual*. Trading fees charged by the custodians are also reviewed on a quarterly basis. EIA does not receive any portion of the trading fees.

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### **Order Aggregation**

Some trades are mutual funds where trade aggregation does not garner any client benefit. For all other trades EIA may enter trades as a block where possible and when advantageous to clients whose accounts have a need to buy or sell shares in the same security. This method permits the trading of aggregate blocks of securities composed of assets from multiple client accounts. It allows EIA to execute trades in a timely, equitable manner, and may reduce overall costs to clients.

## **Review of Accounts**

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### **Periodic Reviews**

Account reviews are performed quarterly by advisors Gregory Wade Evans, Investment Advisor Representative or Barton Thomas Evans, Investment Advisor Representative. Account reviews are performed more frequently when market conditions dictate.

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### **Review Triggers**

Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's own situation.

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### **Regular Reports**

Account reviewers are members of the firm's Investment Committee. They are instructed to consider the client's current security positions and the likelihood that the performance of each security will contribute to the investment objectives of the client.

Clients receive periodic communications on at least an annual basis. *Advisory Service Agreement* clients receive written quarterly updates.

## **Client Referrals and Other Compensation**

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### **Incoming Referrals**

EIA has been fortunate to receive many client referrals over the years. The referrals came from current clients, estate planning attorneys, accountants, employees, personal friends of employees and other similar sources. The firm does not compensate

referring parties for these referrals except for those that come from the Schwab Advisor Network.

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### **Referrals Out**

EIA does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

## **Custody**

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### **Custodial Accounts**

EIA may recommend that clients establish brokerage accounts with Charles Schwab & Company, Inc. ("Schwab") to maintain custody of clients' assets and to effect trades for their accounts. EIA is independently owned and operated and not affiliated with Schwab. Schwab provides EIA with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets is maintained in accounts at Schwab Institutional and is not otherwise contingent upon Advisor committing to Schwab any specific amount of business. Schwab's services include brokerage, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For EIA's client accounts maintained in its custody, Schwab generally does not charge separately for custody but is compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Advisor considers the full range and quality of services in placing accounts, including promptness and accuracy of execution, commission rate, operational capabilities, and the firm's financial condition to ensure compliance with Advisor's best execution policy. EIA does not warrant or represent that commissions for transactions implemented through the recommended broker/dealer will be lower than commissions available if clients use another brokerage firm. EIA believes, however, that the overall level of services and support provided to clients by Adviser outweighs the potentially lower transactions cost available under other brokerage arrangements.

While as a fiduciary, EIA endeavors to act in its clients' best interests, and EIA's recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefit to EIA of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest. EIA's clients are free to implement advisory recommendations through any firm. Clients are under no obligation to purchase or sell securities through Schwab.

Under the rules and regulations of the FINRA, FSC has the obligation to perform certain supervisory functions regarding certain aspects of the advisory activities of advisory

representatives who are also registered representatives of FSC. For such supervisory functions, advisory representatives may pay FSC a portion of the advisory fees they receive.

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### **Account Statements**

All assets are held at qualified custodians, which means the custodians provide account statements directly to clients at their address of record at least quarterly.

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### **Performance Reports**

Clients are urged to compare the account statements received directly from their custodians to the performance report statements provided by EIA.

## **Investment Discretion**

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### **Discretionary Authority for Trading**

EIA accepts discretionary authority to manage securities accounts on behalf of clients. EIA has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. However, EIA consults with the client prior to each trade to obtain concurrence if a blanket trading authorization has not been given.

The client approves the custodian to be used and the commission rates paid to the custodian. EIA does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

Discretionary trading authority facilitates placing trades in your accounts on your behalf so that we may promptly implement the investment policy that you have approved in writing.

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### **Limited Power of Attorney**

A limited power of attorney is a trading authorization for this purpose. You sign a limited power of attorney so that we may execute the trades that you have approved.

## **Voting Client Securities**

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### **Proxy Votes**

EIA does not vote proxies on securities. Clients are expected to vote their own proxies.

When assistance on voting proxies is requested, EIA will provide recommendations to the Client. If a conflict of interest exists, it will be disclosed to the Client.

EIA does not take any action with respect to any securities that are named in class action lawsuits. EIA will, however, assist Clients with any information maintained by EIA regarding class action legal matters involving any security held in the account.

## Financial Information

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### **Financial Condition**

EIA does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

A balance sheet is not required to be provided because EIA does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$1,200 per client, and six months or more in advance.

## Brochure Supplement (Part 2B of Form ADV)

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### Education and Business Standards

EIA requires that advisors in its employ have a bachelor's degree and encourages further coursework demonstrating knowledge of financial planning and tax planning. Examples of such coursework include: an MBA, a CFP®, a CFA, a ChFC, JD, CTFA, EA or CPA. Additionally, advisors must have work experience that demonstrates their aptitude for financial planning and investment management.

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### Professional Certifications

Employees have earned certifications and credentials that are required to be explained in further detail.

Certified Financial Planner (CFP): Certified Financial Planners are licensed by the CFP Board to use the CFP mark. CFP certification requirements:

- Bachelor's degree from an accredited college or university.
- Completion of the financial planning education requirements set by the CFP Board ([www.cfp.net](http://www.cfp.net)).
- Successful completion of the 10-hour CFP® Certification Exam.
- Three-year qualifying full-time work experience.
- Successfully pass the Candidate Fitness Standards and background check.

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### Gregory Wade Evans, CFP

Gregory Wade Evans, CFP (Wade) was born in 1952. He holds a BS degree from Louisiana State University, Baton Rouge, LA.

#### Business Background:

04/08 to Present: Evans Investment Advisors, LLC

11/84 to Present: FSC Securities Corporation, Registered Representative

11/87 to 03/08: Gregory Wade Evans, CFP, Financial Planning

11/87 to 12/88: Evans and McMakin, Financial Planning

01/85 to 11/87: Graham Bordelon Evans & McMakin, Financial Planning

10/84 to 10/85: Shobe and Associates, Financial Planning

10/75 to 10/84: Omni Group, Insurance Sales

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**Barton Thomas Evans**

Barton Thomas Evans (Bart) was born in 1978. He holds a BS degree from Louisiana State University, Baton Rouge, LA.

Business Background:

04/08 to Present: Evans Investment Advisors, LLC

03/00 to Present: FSC Securities Corporation, Registered Representative