

Item 1 – Cover Page

Southwestern Investment Advisory Services, Inc.

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Franklin, TN 37067

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June 7, 2016

Form ADV, Part 2; our “Disclosure Brochure” or “Brochure” as required by the Investment Advisers Act of 1940 is a very important document between Clients (you, your) and “Adviser’s Name” (us, we, our). This Brochure provides information about our qualifications and business practices.

This brochure provides information about the qualifications and business practices of Southwestern Investment Advisory Services, Inc. If you have any questions about the contents of this brochure, please contact us at 615-861-6100. 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 Southwestern Investment Advisory Services, Inc. also is available at the SEC’s website www.adviserinfo.sec.gov (click on the link, select “investment adviser firm” and type in our firm name). Results will provide you both Part 1 and 2 of our Form ADV.

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. The oral and written communications we provide to you, including this Brochure, is information you use to evaluate us (and other advisers) which are factors in your decision to hire us or to continue to maintain a mutually beneficial relationship.

Item 2 – Material Changes

1. This is our “initial” filing of what we regard as “The New Part 2” of our Form ADV. As a result, this Document is brand new. This document was developed in response to requirements adopted and imposed by the Securities and Exchange Commission (“SEC”) under the Investment Advisers Act of 1940 (“40 Act”).
2. In future filings, this section of the Brochure will address only those “material changes” that have been incorporated since our last delivery or posting of this document on the SEC’s public disclosure website (IARD) www.adviserinfo.sec.gov.
3. We may, at any time, update this Brochure and either send you a copy or offer to send you a copy (either by electronic means (email) or in hard copy form).
4. If you would like another copy of this Brochure, please download it from the SEC Website as indicated above or you may contact our Chief Compliance Officer, Deborah Jenkins, at 615-861-6104.

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Item 4 – Advisory Business

Southwestern Investment Advisory Services, Inc. ("Southwestern" or "Firm") is a registered investment adviser primarily based in Franklin, Tennessee. We are organized as a corporation under the laws of the State of Tennessee. We have been providing investment advisory services since 2016. Southwestern is solely owned by Southwestern/Great American, Inc.

The following paragraphs describe our services and fees. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we," "our," and "us" refer to Southwestern and the words "you," "your," and "client" refer to you as either a client or prospective client of our Firm. In addition, you may see the term Access Person throughout this brochure. As used in this brochure, our Access Persons are our Firm's officers, employees, and all individuals providing investment advice on behalf of our Firm.

Certain persons affiliated with our Firm are also registered representatives of Raymond James Financial Services, Inc. ("RJFS"), a wholly owned subsidiary of Raymond James Financial, Inc. RJFS is a broker-dealer and member firm of the Financial Industry Regulatory Authority, Inc. ("FINRA") and the Securities Investors Protection Corporation ("SIPC"). RJFS is primarily in the business of selling securities and other investments including annuity, fixed and life insurance products.

RJFS is also affiliated with Raymond James & Associates, Inc. ("RJA"), a broker-dealer (member NYSE/SIPC) and an investment adviser registered with the Securities and Exchange Commission ("SEC"). References to Raymond James throughout this document indicates a combination of companies referenced above and/or that are part of the Raymond James Financial, Inc. family.

Currently, we offer the following investment advisory services, which are personalized to each individual client. Southwestern Investment Advisory Services, Inc. offers one wrap fee program; Ambassador. This program will be discussed in this brochure.

We may base our fees on a percentage of assets under management, fixed fees or commissions. You may negotiate asset-based fee and/or commission rates with us, and the decision to accept a negotiated fee is at the discretion of Southwestern. Factors involved in this negotiation may include the nature and size of the overall relationship with your IA, the level and type of advisory or other financial services being or expected to be provided. You understand that unless a lower or higher rate has been negotiated, you should expect that Southwestern will charge fees based upon the applicable standard fee schedule detailed below for each account program.

As of June 7, 2016, because this is the Firm's initial filing, the Firm does not have any assets under management.

INVESTMENT ADVISOR PROGRAMS

We provide investment advisory services through the following programs:

1) Passport

The Passport Account (" P a s s p o r t ") is a fee-based account, offered by Southwestern and administered by RJA, in which you are provided with ongoing investment advice and monitoring of securities holdings. Southwestern will manage your account on a discretionary or non-discretionary basis according to your investment objectives. This account offers you the ability to pay an asset based advisory fee and a nominal processing fee (also described as a transaction charge) in lieu of a commission for each transaction. RJFSA receives a portion of the advisory fee.

2) Ambassador

The Ambassador program is a wrap fee investment advisory account offered and administered by Southwestern. Southwestern will manage your account on discretionary or non-discretionary basis according to your investment. RJFSA receives a portion of the advisory fee

INDIVIDUAL INVESTMENT ADVISORY CONSULTING AND FINANCIAL PLANNING

We provide investment advisory consulting and/or supervisory services involving an analysis of a particular investment, investment portfolio, or overall financial situation. We also provide financial planning and consulting services designed to meet specific financial needs and objectives. The consulting services may include a review of your current financial situation, with emphasis on income tax planning, estate tax planning, insurance planning, education planning, retirement planning and capital needs planning.

When preparing a financial plan, we gather information deemed relevant to the particular service provided through personal interviews with you and through documents and/or your profile questionnaires. Each service includes an analysis of related financial information, which may, but is not necessarily required to, include items such as: current assets, income, investments, liabilities, short and long-term capital and liquidity needs, risk tolerance and short and long-term financial goals and objectives.

In addition to providing individual financial planning and investment advisory consulting services to individuals and corporations, we may also provide advice and consultation to retirement plan sponsors and pension plans. Services rendered may include, but are not necessarily limited to, the development of a documented investment process, asset allocation, research and investment recommendations, plan participant education, investment or investment manager performance monitoring, and guidance to the plan sponsors on its fiduciary obligations to plan participants. In providing these services, we may act as a fiduciary as defined under Section 3(21)(A)(ii) of ERISA, but will serve in such capacity only with respect to the provision of ERISA-defined investment advice. Fees are separately negotiated with clients.

ADDITIONAL SERVICES

Research

We may also offer investment advice on general matters such as business value analysis, business succession and/or liquidations, and in manners not described above. We may also recommend that you utilize certain asset allocation services. Fees for such services are disclosed in each agreement that you will be provided.

Seminars

Additionally, advice may be rendered regarding securities and/or financial planning through seminars. Such seminars may be used as an introduction to the financial planning process as noted above. Generally such seminars are offered at no obligation, and may be sponsored by an investment or insurance company which does business with RJFSA, or an affiliate. On some occasions, a fee may be charged. Any fees charged to attendees are fully disclosed and charged in advance of the seminar.

401k Focus Advisor Services

We will provide advice on asset allocation modeling and investment selection to participants in qualified plans. We provide such services through an Internet-based application that allows you to login with a specified username and password. Once you have logged-in to the site and submitted the required information, we will, in turn, provide a personalized asset allocation model to you. These services work by having you enter specific information regarding age, account balance, risk tolerance, etc. Given the information input by you, and the investments available in your plan, we will recommend a model portfolio. The model portfolio consists of a combination of investments available to and appropriate for you to achieve your individual investment goals and objectives.

This service is offered on a 30-day "no-obligation" basis. If you elect to enter into an agreement with us for on-going services, individual allocation models will be updated periodically. Additionally, you are encouraged to update your personal profile as necessary. If there are recommended changes, we will notify you by email to login to view and evaluate the new personalized allocation model. Changes to your allocations are self-directed. Under this agreement, advisory representatives of our firm will not assist you with implementation of any recommendations.

Fees for this service are negotiated depending on the type of investments available in the plan, and the number of participants that utilize the services. It may be the case that the plan sponsor contracts with and pays our advisory fee, or the participant may contract with us and our fee is paid via an automated payroll deduction, or we will invoice you directly. Typically, we will charge a per participant fee of \$149 per quarter in advance. Other fees and fee-paying arrangements may be negotiated with the plan sponsor and/or individual participant. In all cases, the fees, fee-paying arrangements, and terms will be set forth clearly in the client agreement signed by the plan sponsor and/or individual participant.

Either party may terminate the 401k Focus Advisor agreement within five days of the date of acceptance. After the five-day period, either party, upon written notice to the other, may terminate the agreement. The fees for these services will be pro-rated for the quarter in which the cancellation notice was given and any unearned fees will be returned to you.

Note: It is expected that certain 401k Focus Advisor clients may also contract for other services offered through our firm and/or Raymond James Financial Services, Inc., ("RJFS"). Fees and services related to the 401k Focus Advisor accounts are separate and distinct from other services offered by us and/or RJFS.

Pension Consulting Services

We will provide pension-consulting services to employee benefit plans and their fiduciaries based upon an analysis of the needs of the plan. In general, these services may include any one or all of the following:

- a. **Marketplace Search** - We will search the marketplace and provide quotations from leading retirement plan service providers.
- b. **Service Provider Analysis** - We will analyze data regarding fees and services of responding retirement plan service providers, including plan features and service standards.
- c. **Recommendations** - We will make recommendations regarding plan service provider selection based upon study results and the client's goals and objectives.
- d. **Plan Benchmarking Studies** - We will compare your current retirement plan data against industry and same-size employer benchmarks. Best practices are then applied to improve results.
- e. **Existing Plan Review** - A plan review is an examination of major components of your retirement plan in order to identify strengths and weaknesses. The review can cover such areas as overall plan structure, related costs, and plan documentation.
- f. **Ongoing Consulting** - We will also provide quarterly investment reviews of the plan's investments to ensure suitability of investments and conformity with the plan's investment policy statement.

We will be compensated based on either our hourly rate, which ranges between \$150 and \$200 depending on the scope and complexity of the contracted services, or on an asset based fee that ranges between 0.15% and 1.25% per annum. We will offer a fixed fee payment option ranging between \$100 and \$100,000 and such fee will be negotiated on a case-by-case basis. Depending on the agreement entered into at the time you retain our services, we may require payment of pension consulting fees either monthly or quarterly and payment may be made in advance or arrears.

We will provide consulting services to the plan fiduciaries as described above. Typically, the named plan fiduciary must make the ultimate decision as to retaining the services of such investment advisers as we recommend. The plan fiduciary is free to seek independent advice about the appropriateness of any recommended services for the plan.

Either party may terminate the pension consulting agreement by providing 30 days written notice to the other party. In the event the agreement is terminated, the client will incur charges for bona fide pension consulting services provided prior to such cancellation and fees will be due and payable by the client. Any fees paid in advance will be pro-rated and any unearned fees will be returned to you. Refunds are not applicable for fees payable in arrears.

Note: If the account is not held at RJFS, advisory representatives of our firm will provide investment advice only. Implementation of such advice is the sole responsibility of the client.

Advisory Services to Retirement Plans

As disclosed above, we offer various levels of advisory and consulting services to employee benefit plans ("Plan") and to the participants of such plans ("Participants"). The services are designed to assist plan sponsors in meeting their management and fiduciary obligations to Participants under the Employee Retirement Income Securities Act ("ERISA"). Pursuant to adopted regulations of the U.S. Department of Labor under ERISA Section 408(b)(2), we are required to provide the Plan's responsible plan fiduciary

(the person who has the authority to engage us as an investment adviser to the Plan) with a written statement of the services we provide to the Plan, the compensation we receive for providing those services, and our status (which is described below).

The services we provide to your Plan are described above, and in the service agreement that you have previously signed with our firm. Our compensation for these services is described above and at Item 5 below, as well as within the service agreement. We may, with consent of the Plan, and in accordance with Plan documents, bill out-of-pocket expenses (such as overnight mailings, messenger, translation fees, etc.) at cost. We do not reasonably expect to receive any other compensation, direct or indirect, for the services we provide to the Plan or Participants. Nonetheless, since Associated Persons of our firm are registered representative and/or licensed insurance agents, these individuals may receive 12b-1 fees, revenue sharing or other forms of indirect compensation in connection with mutual fund investments allowable under applicable authority through RJFS (refer to Items 5, 12, and 14 for additional disclosures). If we receive any other compensation for such services, we will (i) offset the compensation against our stated fees, and (ii) we will promptly disclose the amount of such compensation, the services rendered for such compensation and the payer of such compensation to you.

FEES AND COMPENSATION FOR INVESTMENT ADVISORY PROGRAMS

We may base our fees on a percentage of assets under management, hourly charges, fixed fees (not including subscription fees) or commissions. You may negotiate asset-based fee and/or commission rates with us and the decision to accept a negotiated fee is at the discretion of the Southwestern. Factors involved in this negotiation may include the nature and size of the overall relationship, the level and type of advisory or other financial services being or expected to be provided. You should understand that unless a lower or higher rate has been negotiated, you should expect that the fees charged will be based upon the applicable standard fee schedule detailed below for the account program. While the asset-based fees are negotiable, the fee schedule's asset-level breakpoints may not be modified in any way.

Unless otherwise indicated, asset-based advisory fees are calculated based on an incremental pricing schedule. For example, an account valued at \$1,000,000 would be charged under the standard pricing schedule as follows (sample):

First \$500,000 in assets charged at
2.25%

Next \$500,000 in assets charged at
1.75% =

\$20,000 annualized fee (2.00% annualized
rate)

1) PASSPORT ACCOUNTS

The advisory fees for Passport Accounts are as follows:

ACCOUNT VALUE	ANNUAL FEE
First \$500,000	2.25%
Next \$500,000	1.75%
Next \$4,000,000	1.25%
Amounts over \$5,000,000	1.00%

Southwestern may elect to charge a negotiated fee which is higher or lower than the fee in the fee schedules above.

For purposes of calculating and assessing asset-based fees, Southwestern uses the term “Account Value”, which may be different than the asset value as reported on brokerage statements provided by RJFSA to clients. Pursuant to the investment management or advisory agreement, Account Value is defined as the total absolute value of the billable securities in the Account, long or short, plus all credit balances, with no offset for any margin or debit balances. Please see Item 13, *Review of Accounts*, for details on the account valuation methodology employed by Southwestern when calculating asset based fees.

The annual asset-based fee is paid quarterly in advance. When an account is opened, the asset-based fee is billed for the remainder of the current billing period and is based on the initial contribution. Thereafter, the quarterly asset-based fee is paid in advance, is based on the account asset value as of the last business day of the previous calendar quarter, and becomes due the following business day. If cash or billable securities, or a combination thereof, amounting to at least \$100,000, are deposited to or withdrawn from your account on an individual business day in the first two months of the quarter, Raymond James will: (i) assess asset-based fees based on the value of the assets on the date of deposit for the pro rata number of days remaining in the quarter, or (ii) refund prepaid asset-based fees based on the value of the assets on the date of withdrawal for the pro rata number of days remaining in the quarter. No additional asset-based fees or adjustments to previously assessed asset-based fees will be made in connection with deposits or withdrawals that occur during the last month of the quarter unless requested by you. Notwithstanding the above \$100,000 adjustment threshold, Southwestern reserves the right, in its sole discretion, to process or not process fee adjustments when the source and destination of deposits and withdrawals involve a client’s other fee-based advisory accounts. For example, a transfer of \$100,000 into a joint Passport account funded from two \$50,000 withdrawals from separate Ambassador accounts will have the \$100,000 billed in their joint Passport account and each of the Ambassador accounts will be refunded previously assessed fees on the separate \$50,000 withdrawals for the pro rata period remaining in the quarter.

You authorize and direct RJA as Custodian to deduct asset-based fees from your account; you further authorize and direct the Custodian to send a quarterly statement to you which shows all amounts disbursed from your account, including fees paid to RJFSA. You understand that the brokerage statement will show the amount of the asset-based fee. .

The asset-based fees associated with the Passport account include all execution and clearing charges except: (1) certain dealer-markups and odd lot differentials, transfer taxes, exchange fees mandated by the Securities and Exchanges Act of 1934 and any other charges imposed by law with regard to any transactions in the account; and (2) offering concessions and related fees for purchases of public offerings of securities as more fully disclosed in the prospectus.

Additionally, there are nominal Processing Fees for the execution of each trade, as follows:

SECURITY TYPE	PROCESSING FEE
Exchange Traded Equities: Listed and OTC (common & preferred)	\$9.95
Open End Mutual Funds (applicable to purchases only)*	
Participating Funds	Waived
Partner Funds	\$30.00
Non-Partner Funds	\$40.00
Closed End and Exchange Traded Funds	\$9.95
Real Estate Investment Trusts/Unit Investment Trusts	\$9.95
Options Contracts	\$30.00
Bonds: Government, Corporate, Municipal and Mortgage-Backed	\$30.00

*Select fund companies have agreed to pay administrative fees to Raymond James in consideration for Raymond James' waiver of the \$30 Processing Fee assessed on certain Passport Account mutual fund purchases ("Participating Funds"). Select fund companies have agreed to pay marketing service and support fees to Raymond James ("Partner Funds"). "Non-Partner Funds" do not participate in Raymond James's Education and Marketing Support program. Effective January 1, 2015, the above Processing Fees will be applied to purchases of Partner and Non-Partner Funds. ERISA Plan and SIMPLE IRA accounts will be charged \$30 for Partner and Non-Partner Fund purchases. Please note that funds may change their Participating, Partner or Non-Partner status at any time, so please consult with your financial advisor to verify their status periodically. Please refer to the *Client Referrals and Other Compensation* section for additional information regarding Participating Funds and Partner Funds.

In addition to the foregoing Processing Fee, you will incur a charge in the amount of \$5.95 per transaction for handling charges. You may also incur charges for other account services provided by RJA not directly related to the execution and clearing of transactions including, but not limited to, IRA custodial fees, safekeeping fees, interest charges on margin loans, and fees for legal or courtesy transfers of securities.

Your Agreement may be terminated by you or us at any time upon providing notice pursuant to the provisions of your Agreement. In the event of termination of your Agreement, we will refund to you the prorated portion of the fee for the quarter of termination. There is no penalty for terminating your agreement.

There is a minimum initial investment of \$25,000 for a Passport account.

2) AMBASSADOR PROGRAM

The Ambassador program is a wrap fee investment advisory account offered and administered by RJFSA. Your investment advisor representative will manage your account on a discretionary or non-discretionary basis according to your objectives. RJFSA receives a portion of the advisory fee. This account offers you the ability to pay an asset based advisory fee which includes transaction costs within the advisory fee in lieu of a commission for each transaction.

There is a minimum initial investment of \$50,000 for Ambassador accounts. The advisory fees for Ambassador accounts are as follows: (All fees are incremental)

ACCOUNT VALUE	ANNUAL FEE
First \$500,000	2.50%
Next \$500,000	2.00%
Next \$4,000,000	1.50%
Amounts over \$5,000,000	1.25%

Southwestern may elect to charge a negotiated fee which exceeds the fee schedules above.

For purposes of calculating and assessing asset-based fees, Southwestern uses the term “Account Value”, which may be different than the asset value as reported on brokerage statements provided by Raymond James to clients. Pursuant to the investment management or advisory agreement, Account Value is defined as the total absolute value of the securities in the Account, long or short, plus all credit balances, with no offset for any margin or debit balances.

The annual asset-based fee is paid quarterly in advance. When an account is opened, the asset-based fee is billed for the remainder of the current billing period and is based on the initial contribution. Thereafter, the quarterly asset-based fee is paid in advance, is based on the account asset value as of the last business day of the previous calendar quarter, and becomes due the following business day. If cash or billable securities, or a combination thereof, amounting to at least \$100,000 are deposited to or withdrawn from your account on an individual business day in the first two months of the quarter, Southwestern will: (I) assess asset-based fees based on the value of the assets on the date of deposit for the pro rata number of days remaining in the quarter, or (ii) refund prepaid asset-based fees based on the value of the assets on the date of withdrawal for the pro rata number of days remaining in the quarter. No additional asset-based fees or adjustments to previously assessed asset-based fees will be made in connection with deposits or withdrawals that occur during the last month of the quarter unless requested by you. Notwithstanding the above \$100,000 adjustment threshold, Raymond James reserves the right, in its sole discretion, to process or not process fee adjustments when the source and destination of deposits and withdrawals involve a client’s other fee-based advisory accounts. For example, a transfer of \$100,000 into a joint RJCS account funded from two \$50,000 withdrawals from separate Ambassador accounts will have the \$100,000 billed in their joint RJCS account and each of the Ambassador accounts will be refunded previously assessed fees on the separate \$50,000 withdrawals for the pro rata period remaining in the quarter.

You authorize and direct RJA as Custodian to deduct asset-based fees from your account.

You further authorize and direct the Custodian to send a quarterly statement to you which shows all amounts disbursed from your account, including fees paid to RJFSA. You understand that you will be provided an account statement, at least quarterly, showing all amounts disbursed from your account, including the amount of the asset-based fee, the Account Value of the assets on which the fee was based, and the manner in which the fee was calculated.

The asset-based fees associated with this account include all execution and clearing charges except: (1) certain dealer-markups and odd lot differentials, transfer taxes, exchange fees mandated by the Securities and Exchanges Act of 1934 and any other charges imposed by law with regard to any transactions in the account

You may also incur charges for other account services provided by RJA not directly related to the execution and clearing of transactions including, but not limited to, IRA custodial fees, safekeeping fees, interest charges on margin loans, and fees for legal or transfers of securities.

Your Agreement may be terminated by you or us at any time upon providing notice pursuant to the provisions of your Agreement. In the event of termination of your Agreement, we will refund to you the prorated portion of the fee for the quarter of termination. There is no penalty for terminating your account.

There is a minimum initial investment of \$50,000 for Ambassador Accounts, although smaller accounts may be accepted based upon the specific circumstances of an account.

Item 5 – Fees and Compensation

Refer to the *Advisory Business* section in this brochure for information on our advisory fees, fee deduction arrangements, and refund policy according to each service we offer.

Additional Fees and Expenses

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our Firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of

the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our Firm, and others. For information on our brokerage practices, please refer to the *Brokerage Practices* section of this brochure.

Compensation for the Sale of Securities or Other Investment Products

Persons providing investment advice on behalf of our Firm are registered representatives with RJFS, a securities broker-dealer, and a member of FINRA and SIPC. In their capacity as registered representatives, these persons will receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products. Compensation earned by these persons in their capacities as registered representatives is separate and in addition to our advisory fees. Persons providing investment advice on behalf of our Firm shall not receive any portion of these commissions, fees, and costs. However, you are under no obligation, contractually or otherwise, to purchase securities products through any person affiliated with our Firm.

If we recommend a variable annuity, we do not include the variable annuity in the calculation of our advisory fees.

Our Firm is also licensed as an insurance agency. Persons providing investment advice on behalf of our Firm are licensed as insurance agents with our Firm and as independent insurance agents of Raymond James Insurance Group ("RJIG"), a wholly owned subsidiary of RJA. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our Firm who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. Our Firm has procedures designed and implemented to ensure that we will not receive both commission-based compensation and advisory fees on variable insurance products, but we may receive commissions on non-variable products you purchase through our Firm. We strive to treat all clients fairly and equally, and to prevent this conflict from occurring.

However, you are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our Firm.

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

We do not accept performance-based fees. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Our fees are calculated as described in the *Advisory Business* section above, and are not charged based on a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. We do not participate in side-by-side management of your accounts with performance-based fee accounts.

Item 7 – Types of Clients

We offer investment advisory services to individuals, banks and thrift institutions, defined benefit and defined contribution plans, trusts, estates, charitable organizations, corporations, and other business entities.

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

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

No investment strategy or method of analysis can assure that any trade or investment will result in a profit. Furthermore, each client must understand that any trade or investment could result in a loss and that the value of any client portfolio could decline below the original investment.

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

Fundamental Analysis - involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company's industry. The resulting data are used to measure the intrinsic value of the company's stock compared to the current market value. Risks Access with fundamental analysis include that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

Technical and Charting Analysis - Charting involves the gathering and processing of price and volume information for a particular security. This price and volume information is analyzed using mathematical equations. The resulting data is then applied to graphing charts, which is used to predict future price movements based on price patterns and trends. Technical Analysis involves studying past price patterns and trends in the financial markets to predict the direction of both the

overall market and specific stocks. The risk of market timing based on technical analysis is that charts may not accurately predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

Long-Term Purchases - securities purchased with the expectation that the value of those securities will grow over a relatively long period, generally greater than one year. Long-term purchases may be affected by unforeseen long-term changes in the company in which you are invested or in the overall market.

Short-Term Purchases and Trading - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations. We may use trading (in general, selling securities within 30 days of purchasing the same securities) as an investment strategy when managing your account(s). Trading is not a fundamental part of our overall investment strategy, but we may use this strategy occasionally when we determine that it is suitable given your stated investment objectives and tolerance for risk. However, frequent trading can negatively affect investment performance, particularly through increased brokerage and other transactional costs and taxes.

Options Writing - a securities transaction that involves selling options. An option is the right, but not the obligation, to buy or sell a particular security at a specified price before the expiration date of the option. When an investor sells an option, he or she must deliver to the buyer a specified number of shares if the buyer exercises the option. The seller receives from the buyer a premium (the market price of the option at a particular time) in exchange for writing the option.

Options are complex securities that *involve risks and are not suitable for everyone. Options trading can be speculative in nature and carry substantial risk of loss. It is generally recommended that you only invest in options with risk capital.* Selling options is more complicated and can be even riskier. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an underlying asset at a specific price on or before a certain date (the "expiration date").

The two types of options are calls and puts:

- A call gives the holder the right to buy an asset at a certain price within a specific period of time. Calls are similar to having a long position on a stock. Buyers of calls hope that the stock will increase substantially before the option expires.
- A put gives the holder the right to sell an asset at a certain price within a specific period of time. Puts are very similar to having a short position on a stock. Buyers of puts hope that the price of the stock will fall before the option expires.

The risks pertaining to options buyers are:

- Risk of losing your entire investment in a relatively short period of time.

- The risk of losing your entire investment increases if, as expiration nears, the stock is below the strike price of the call (for a call option) or if the stock is higher than the strike price of the put (for a put option).
- European style options, which do not have secondary markets on which to sell the options prior to expiration can only, realize its value upon expiration.
- Specific exercise provisions of a specific option contract may create risks.
- Regulatory agencies may impose exercise restrictions, which stops you from realizing value.

The risks pertaining to options sellers are:

- Options sold may be exercised at any time before expiration.
- Covered Call traders forgo the right to profit when the underlying stock rises above the strike price of the call options sold and continues to risk a loss due to a decline in the underlying stock.
- Writers of Naked Calls risk unlimited losses if the underlying stock rises.
- Writers of Naked Puts risk substantial losses if the underlying stock drops.
- Writers of naked positions run margin risks if the position goes into significant losses. Such risks may include liquidation by the broker.
- Writers of call options can lose more money than a short seller of that stock can lose on the same rise on that underlying stock. This is an example of how the leverage in options can work against the option trader.
- Writers of Naked Calls are obligated to deliver shares of the underlying stock if those call options are exercised.
- Call options can be exercised outside of market hours such that effective remedy actions cannot be performed by the writer of those options.

Writers of stock options are obligated under the options that they sold even if a trading market is not available or that they are unable to perform a closing transaction.

- The value of the underlying stock may substantially rise or fall unexpectedly, leading to an exercise prior to expiration.

Other options trading risks are:

- The complexity of some options strategies is a significant risk on its own.
- Options trading exchanges or markets and options contracts are open to changes at all times.

- Options markets have the right to halt the trading of any options, thus preventing investors from realizing value.
- Risk of erroneous reporting of exercise value.
- If an options brokerage firm becomes insolvent, investors trading through that firm may be affected.
- Internationally traded options have special risks due to time zone differences.

General risks that are not limited to options trading include market risk, sector risk and individual stock risk. Since stock options are a derivative of stocks, options trading risks are closely related to stock risks.

Tax Considerations

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.

Moreover, as a result of revised IRS regulations, custodians and broker-dealers will begin reporting the cost basis of equities acquired in client accounts on or after January 1, 2011. Your custodian will default to the FIFO (First-In First-Out) accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to our Firm immediately and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

Risk of Loss

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

Recommendation of Particular Types of Securities

As disclosed under the *Advisory Business* section in this brochure, we advise on various types of securities. We do not necessarily recommend one particular type of security over another, since each client has different needs and different tolerances for risk. Each type of security has its own unique set of Access risks. Risks can vary widely, even within the same type of securities. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss

Access with it.

We do recommend mutual funds and some exchange traded funds. Mutual funds are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and exchange-traded funds generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. The returns on mutual funds and exchange-traded funds can be reduced by the costs to manage the funds. In addition, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds charge such fees, which can also reduce returns. Mutual funds can also be "closed end" or "open end." So-called "open end" mutual funds continue to allow in new investors indefinitely, which can dilute other investors' interests. We primarily recommend no-load funds.

Mutual funds are subject to manager risk. The risk that an actively managed mutual fund's investment adviser will fail to execute the fund's investment strategy effectively could result in the failure of stated objectives. Mutual funds are also subject to principal risk where the investment could go down in value or lose money.

Item 9 – Disciplinary Information

The Firm does not have any material legal or disciplinary events reportable under this section.

Item 10 – Other Financial Industry Activities and Affiliations

Registrations with Broker-Dealer

Persons providing investment advice on behalf of our Firm are registered representatives with RJFS, a securities broker-dealer, and a member of FINRA and SIPC. These persons will recommend RJFS to you for brokerage services. These individuals are subject to applicable rules that restrict them from conducting securities transactions away from RJFS unless RJFS provides the representative with written authorization to do so. Therefore, these individuals are generally limited to conducting securities transactions through RJFS. It may be the case that RJFS charges higher transactions costs and/or custodial fees than another broker charges for the same types of services. If transactions are executed through RJFS, these individuals (in their separate capacities as registered representatives of RJFS) may earn commission-based compensation as result of placing the recommended securities transactions through RJFS. This practice presents a conflict of interest

because these registered representatives have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your needs.

Insurance

The majority of our advisors also hold insurance licenses with RJFS, which is licensed as an insurance agency. Persons providing investment advice on behalf of our Firm are licensed as insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate from our advisory fees. Please see the Fees and Compensation section in this brochure for more information on the compensation received by insurance agents who are affiliated with our Firm.

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

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our Access Persons. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All of our Access Persons are expected to adhere strictly to these guidelines. Persons Access with our Firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons Access with our Firm.

You may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

Participation or Interest in Client Transactions

Neither our Firm nor any of our Access Persons has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure.

Personal Trading Practices

Our Firm or Access Persons with our Firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To eliminate this conflict of interest, it is the Firm's policy that neither our Access Persons nor the Firm shall have priority over your account in the purchase or sale of securities.

Item 12 – Brokerage Practices

We recommend the brokerage and custodial services of RJFS, a securities broker-dealer and a member of FINRA and SIPC. We believe that RJFS provides quality execution services for you at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by RJFS, including the value of research provided, the Firm's reputation, execution capabilities, commission rates, and responsiveness to our clients and our Firm. In recognition of the value of research services and additional brokerage products and services RJFS provides, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

Research and Other Soft Dollar Benefits

We do not have any soft dollar arrangements.

Brokerage for Client Referrals

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

Directed Brokerage

Persons providing investment advice on behalf of our Firm who are registered representatives of RJFS will recommend RJFS to you for brokerage services. These individuals are subject to applicable rules that restrict them from conducting securities transactions away from RJFS unless RJFS provides the representative with written authorization to do so. Therefore, these individuals are generally limited to conducting securities transactions through RJFS. It may be the case that RJFS charges higher transactions costs and/or custodial fees than another broker charges for the same types of services. If transactions are executed through RJFS, these individuals (in their separate capacities as registered representatives of RJFS) may earn commission-based compensation as result of placing the recommended securities transactions through RJFS. This practice presents a conflict of interest because these registered representatives have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your needs. You may utilize the broker-dealer of your choice and have no obligation to purchase or sell securities through such broker as we recommend. However, if you do not use RJFS, we may not be able to accept your account and we may be unable to achieve most favorable execution of client transactions. Please see the "Fees and Compensation" section in this brochure for more information on the compensation received by registered representatives who are affiliated with our Firm.

Block Trades

We combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "block trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares

purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our discretion regarding factual and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs.

We combine multiple orders for shares of the same securities purchased for discretionary accounts; however, we do not combine orders for non-discretionary accounts. Accordingly, non-discretionary accounts may pay different costs than discretionary accounts pay. If you enter into non-discretionary arrangements with our Firm, we may not be able to buy and sell the same quantities of securities for you and you may pay higher commissions, fees, and/or transaction costs than clients who enter into discretionary arrangements with our Firm.

Item 13 – Review of Accounts

Your account will be reviewed no less frequently than annually by your advisor. In addition to the annual review, your account may be reviewed if you request a review or if we become aware of an event that would result in the need for additional review. You will receive account statements directly from the account custodian(s). You will receive a written investment summary report from the Firm on an annual basis.

Item 14 – Client Referrals and Other Compensation

We do not receive any compensation from third parties in connection with providing investment advice to you.

Please refer to the *Brokerage Practices* section above for disclosures on research and other benefits we may receive resulting from our relationship with RJFS.

We may base our fees on a percentage of assets under management, hourly charges, fixed fees (not including subscription fees) or commissions. You may negotiate asset-based fee and/or commission rates with us and the decision to accept a negotiated fee is at the discretion of the Southwestern. Factors involved in this negotiation may include the nature and size of the overall relationship, the level and type of advisory or other financial services being or expected to be provided. You should understand that unless a lower or higher rate has been negotiated, you should expect that the fees charged will be based upon the applicable standard fee schedule detailed below for the account program. While the asset-based fees are negotiable, the fee schedule's asset-level breakpoints may not be modified in any way.

Unless otherwise indicated, asset-based advisory fees are calculated based on an incremental pricing schedule. For example, an account valued at \$1,000,000 would be charged under the standard pricing schedule as follows (sample):

First \$500,000 in assets
charged at 2.25%

Next \$500,000 in assets
charged at 1.75% =
\$20,000 annualized fee (2.00%
annualized rate)

As disclosed under the "Fees and Compensation" section in this brochure, persons providing investment advice on behalf of our Firm are licensed insurance agents, and are registered representatives with RJFS, a securities broker-dealer, and a member of FINRA and SIPC. For information on the conflicts of interest this presents, and how we address these conflicts, please refer to the *Fees and Compensation* section.

Item 15 – Custody

The Firm uses the services of an independent third party, RJFS, as custodian for your accounts. Your independent custodian, RJFS, will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our Firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a qualified custodian, RJFS. You will receive account statements from RJFS at least quarterly. The account statements will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review your account statements for accuracy and notify Southwestern of any discrepancies.

Item 16 – Investment Discretion

In your investment advisory agreement you will grant our Firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Please refer to the *Advisory Business* section in this brochure for more information on our discretionary management services.

If you have not engaged us for discretionary services, we will obtain your approval prior to the execution of any transactions for your account(s). You have an unrestricted right to decline to implement or to direct us to implement any advice provided by our Firm on a non-discretionary basis.

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

We will not have the authority to vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of common stock or mutual funds, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our Firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to vote proxies.

Item 18 – Financial Information

- A. The Registrant does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. The Registrant is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. The Registrant has not been the subject of a bankruptcy petition.