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**BROOKS, MOORE & ASSOCIATES, INC.**

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**3/29/2019**

**FORM ADV PART 2  
FIRM BROCHURE**

**This brochure provides information about the qualifications and business practices of Brooks, Moore & Associates, Inc. If you have any questions about the contents of this brochure, please contact us at (423) 756-8628. 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 Brooks, Moore & Associates, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Brooks, Moore & Associates, Inc. is 105716.**

**Brooks, Moore & Associates, Inc. is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.**

***Material Changes***

This brochure provides prospective clients with information about Brooks, Moore & Associates, Inc. that should be considered before or at the time of obtaining our advisory services.

This brochure is required to be updated at least annually, or sooner when material changes to our business take place.

Each year we will offer to deliver, by no later than April 30th, a free updated brochure. If material changes have been made to the brochure, a summary of those changes will be included with the offer of the free updated brochure.

The summary below discusses only material changes since our last annual update of this brochure dated 12/12/2018:

- **No material changes**

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### ***Advisory Business***

Brooks, Moore & Associates, Inc. (hereinafter referred to as "BMA" or "Registrant") is a Registered Investment Adviser based in Chattanooga, Tennessee. Founded in 1986, Brooks, Moore & Associates, Inc. provides investment advice and portfolio management services on a continuing basis, which may include the review of client investment objectives and goals, recommending asset allocation strategies of managed assets among the following investment products: equity securities, warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, mutual funds, U.S. government securities, options, real estate partnerships and partnerships in oil and gas interests. Our investment advice is tailored to meet our clients' needs and investment objectives. BMA provides investment advisory services through its Investment Adviser Representatives ("IAR") to accounts opened with the firm. Customized portfolios are available to individuals, pension and profit sharing plans, corporations, 401 (k) plans, trusts, estates and charitable organizations. BMA also

Clients may impose restrictions on investing in certain securities or types of securities (such as a product type, specific companies, specific sectors, etc.) by providing a signed and dated written notification, of which an e-mail is also an acceptable form of notification.

Brooks, Moore & Associates, Inc. is wholly-owned by Ricky L. Moore, President, and Jay W. Brooks, Secretary. BMA is registered with the Securities and Exchange Commission and is subject to its rules and regulations.

Brooks, Moore & Associates, Inc. provides discretionary investment advisory services to its clients through fee-based customized portfolios. BMA assists clients in determining the suitability of varying investments for the client. The Registrant and its IAR, as appropriate, will be responsible for the following:

- Performing due diligence
- Recommending strategic asset and style allocations
- Providing client risk profile questionnaire
- Obtaining investment advisory contract from client(s)
- Performing client suitability check on account documentation, reviewing the investment objectives and evaluating the investment vehicle selections
- Providing Firm Brochure (this document)

As of December 31, 2018, BMA managed client assets of \$192,909,422.9 on a discretionary basis and \$15,191,400 on a non-discretionary basis, for a total of approximately \$208,100,823.

### ***Fees and Compensation***

The following types of fees will be assessed:

**Asset Management** – Fees are charged in arrears and are based primarily on asset size and the level of complexity of the services provided. In individual cases, BMA has the discretion to negotiate fees that are lower than the standard fee shown or to waive fees. Fees are not based on the share of gains or capital appreciation of the funds or any portion of the funds. Comparable services for lower fees may be available from other sources. Fees for the initial quarter will be prorated based upon the number of calendar days in the calendar quarter that the advisory agreement is in effect. Fees are based on the market value of the assets on the last business day of the quarter. Annual fees range from .50% - 1.00% depending on the amount of assets under management (“AUM”) – See chart below. In lieu of the fee schedule below, a fixed fee lower than the stated fee in the fee schedule may be negotiated. Many of our clients pay fees that are less than our standard fee schedule.

Fee Schedule for Asset Management:

Total Account Value	Maximum Annual Advisory Fee
Up to \$500,000	1.00%
Next \$2,500,000	0.75%
Over \$3,000,000	0.50%

When authorized in the client agreement, the account custodian withdraws BMA’s advisory fees directly from the clients’ accounts according to the custodian’s policies, practices, and procedures. The custodian in turn remits these fees to BMA. The custodial statement includes the amount of any fees paid directly to BMA to manage the account. Brooks, Moore & Associates, Inc. also sends quarterly invoices detailing the manner and amount of advisory fees to all clients. You should compare the statement we send to your custodian/broker-dealer’s statement and verify the calculation of fees. Your custodian/broker-dealer does not verify the accuracy of fee calculations. If the account does not contain sufficient funds to pay advisory fees, BMA has limited authority to sell or redeem securities in sufficient amounts to pay advisory fees. With the exception of IRA accounts, clients may reimburse the account for advisory fees paid to BMA.

Fees are charged in arrears on a quarterly basis, meaning that advisory fees for a quarter are charged on the first day of the quarter, for the amount of assets under management as of the last business day of the previous quarter. Clients may terminate investment advisory services obtained from BMA, without penalty, upon written notice within five (5) business days after entering into the advisory agreement with BMA. The client is responsible for any fees and charges incurred by the client from third parties as a result of maintaining the account such as

transaction fees for any securities transactions executed and account maintenance or custodial fees. Thereafter, the client may terminate advisory services upon 30 days' written notice delivered to and received by BMA. Clients who terminate investment advisory services during a quarter are charged a prorated advisory fee based on the date of BMA's receipt of client's written notice to terminate. Any earned but unpaid fees are immediately due and payable.

### **Additional Fees and Expenses**

In addition to advisory fees paid to BMA as explained above, clients may pay custodial service, account maintenance, transaction, and other fees associated with maintaining the account. These fees vary by broker and/or custodian. Clients should ask BMA for details on transaction fees or other custodial fees specific to their account, as these fees are not included in the annual advisory fee. BMA does not share any portion of such fees. Additionally, for any mutual funds purchased, the client may pay their proportionate share of the funds' distribution, internal management, investment advisory and administrative fees. Such fees are not shared with BMA and are compensation to the fund manager.

Mutual funds purchased or sold in broker-dealer accounts may generate transaction fees that would not exist if the purchase or sale were made directly with the mutual fund company. Mutual funds held in broker-dealer accounts also charge management fees. These mutual fund management fees may be more or less than the mutual fund management fees charged if the client held the mutual fund directly with the mutual fund company.

Clients may purchase shares of mutual funds directly from the mutual fund issuer, its principal underwriter, or a distributor without purchasing the services of BMA or paying the advisory fee on such shares (but subject to any applicable sales charges). Certain mutual funds are offered to the public without a sales charge. In the case of mutual funds offered with a sales charge, the prevailing sales charge may be more or less than the applicable advisory fee. However, clients would not receive BMA's assistance in developing an investment strategy, selecting securities, monitoring performance of the account, and making changes as necessary.

Please refer to Item 12 "Brokerage Practices" of this brochure for additional information.

Form ADV, Part 2A, Item 6

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

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

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

BMA's client base consists primarily of high net worth individuals; however, we also manage investment accounts for pension and profit sharing plans, 401(k) plans, charitable organizations, and corporations or other businesses. In general, a minimum of \$250,000 is required to open an advisory account. At our discretion, we may waive the minimum account size. For example, we may waive the minimum if you appear to have significant potential for increasing your assets under management. We may also combine account values for you and your spouse and other types of related accounts to meet the stated minimum.

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

BMA's methods of analysis and investment strategies incorporate the client's needs and investment objectives, time horizon, and risk tolerance. BMA is not bound to a specific investment strategy for the management of investment portfolios, but rather considers the risk tolerance levels pre-determined and gathered at the account opening, as well as on an on-going basis. Examples of methodologies that our investment strategies may incorporate include:

**Asset Allocation** – Asset Allocation is a broad term used to define the process of selecting a mix of asset classes and the efficient allocation of capital to those assets by matching rates of return to a specified and quantifiable tolerance for risk.

**Dollar-Cost Averaging** – Dollar-cost averaging is the technique of buying a fixed dollar amount of securities at regularly scheduled intervals, regardless of the price per share. This will gradually, over time, decrease the average share price of the security. Dollar-cost averaging lessens the risk of investing a large amount in a single investment at the wrong time.

**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.

**Long-Term Purchases** – securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

**Short-Term Purchases** – 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.

Our strategies and investments may have unique and significant tax implications. Regardless of your account size or other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.

Investing in securities involves risk of loss that clients should be prepared to bear. Although we manage your portfolio with strategies and in a manner consistent with your risk tolerances, there

can be no guarantee that our efforts will be successful. You should be prepared to bear the risk of loss.

All investments involve the risk of loss, including (among other things) loss of principal, a reduction in earnings (including interest, dividends, and other distributions), and the loss of future earnings. These risks include market risk, interest rate risk, issuer risk, and general economic risk. Regardless of the methods of analysis or strategies suggested for your particular investment goals, you should carefully consider these risks, as they all bear risks.

Form ADV, Part 2A, Item 9

### ***Disciplinary Information***

BMA or its Principal Executive Officers have not had any reportable disclosable events in the past ten years.

Form ADV, Part 2A, Item 10

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

The firm and/or its associates do not have any other financial industry activities and/or affiliations.

BMA does not recommend or select other investment advisers for our clients for whom we receive compensation, directly or indirectly, from those advisers, nor do we have business relationships with any other investment advisers.

Form ADV, Part 2A, Item 11

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

BMA's Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is to protect client interests at all times and to demonstrate our commitment to fiduciary duties of honesty, good faith, and fair dealing. All of BMA's Associated Persons are expected to strictly adhere to these guidelines. Persons associated with BMA are also required to report any violations to the Code of Ethics. Additionally, the firm maintains and enforces written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about our clients or client accounts by persons associated with our firm.

BMA and its employees may buy or sell securities that are also held by clients. It is the expressed policy of the advisor that no person employed by our firm purchase or sell any security prior to the transaction being implemented for an advisory account; therefore, preventing such employees from benefiting from transactions placed on behalf of the advisory clients.

The advisor may have an interest or position in a certain security, which may also be recommended to the client. As these situations may present a conflict of interest, the advisor has established the following restrictions in order to ensure its fiduciary responsibilities:



1. A director, officer or employee of the advisor shall not buy or sell a security for their personal portfolio(s) where their decision is substantially derived, in whole or part, by reason of his or her employment, unless the information is also available to the investing public. No owner/employee of BMA shall prefer their own interest to that of the client.
2. The advisor maintains a list of all securities held by the company and all directors, officers, and employees. These holdings are reviewed on a quarterly basis by the principal of the firm.
3. The advisor requires that all employees must act in accordance with all applicable Federal and State regulations governing registered investment advisers.
4. The advisor will block personal trades with those of clients to ensure that clients are not at a disadvantage.

A potential conflict of interest exists whereby the two principals of the firm own a small interest in a trust company, Pendleton Square Trust Company, LLC (Pendleton Square), based in Nashville, TN with offices in Nashville and Chattanooga, TN. BMA has and will refer business to Pendleton Square along with other trust companies. BMA has clients who do business with Pendleton Square and have them listed as trustee on accounts managed by BMA. BMA does not receive any compensation or referral fee for suggesting Pendleton Square's services to our clients. BMA does not receive compensation or referral fees of any kind for referrals to any company or person.

BMA's Code of Ethics is available to you upon request. You may obtain a copy of our Code of Ethics by contacting Jay Brooks, Jr. at (423) 756-8628.

Form ADV, Part 2A, Item 12

### ***Brokerage Practices***

Interstate, a division of Hilltop Securities, is allocated a significant portion (generally greater than 50%) of the commissions that we direct on behalf of our clients. We do not pay a premium commission rate to Interstate for the soft dollar program that they handle. We generally pay a similar rate to that paid to the other brokerage firms that we use. These soft dollar commissions generated through Interstate are used to obtain our quote and news service through Telemet, the YCharts research service (for company analysis), and, historically, have been used to pay a portion of the portfolio management software maintenance and business periodicals. BMA sets the commission rate from a schedule for all securities transactions that we control, and this rate is the same for all broker-dealers that we utilize. This rate does not apply to arrangements where the client designates a broker to act as custodian, or where a client designates a broker to execute transactions. BMA benefits from controlling and directing transactions by receiving research and services that it would otherwise have to pay for.

BMA also receives company and industry research (which benefits us in the investment process) from most of the other broker-dealers through which we execute client securities transactions. We have no arrangements whereby we pay a premium commission for any services. All commission rates are set by BMA based on the price of the security involved in the transaction. We choose broker-dealers to execute client transactions based on our perception of the quality of their research, along with their ability to efficiently execute those transactions.

A potential conflict of interest exists due to the large portion of client commissions that are directed to the Interstate Group for the purchase of services and publications utilized by BMA for the investment management of our client accounts. The firm receives an economic benefit from utilizing soft dollars. The soft dollar arrangement we utilize allows BMA to avoid paying cash for certain research services.

BMA does not cause clients to pay premium commission rates in return for soft dollar benefits.

BMA utilizes soft dollar benefits for all client accounts.

The soft dollar commissions generated through Interstate are used to obtain our quote and news service, the YCharts research service (for company analysis), and a portion of the portfolio management software maintenance. All of the services or information that we receive with client brokerage commissions are used in the investment decision making process. Our quotation and news service allows us to monitor and analyze the investment markets, as well as the companies owned in client accounts. The YCharts system is an analysis tool which provides extensive information on thousands of companies. The research reports that we receive from brokerage firms aid in our oversight of companies owned, in addition to being a source of new investment ideas.

#### Mixed Use Item

Brooks, Moore & Associates (BMA) considers its use of the Advent Axys Portfolio Management Software as a mixed-use item under Section 28(e) of the Securities and Exchange Act. Under the Research Services safe harbor provision, BMA considers its use of Advent Software eligible for soft dollar payment. Considerable time is spent utilizing Advent Axys for asset class and security weightings analysis which is an integral component in the investment decision process for all of BMA's clients.

The portion not eligible for soft dollar payment is the use of Advent Axys for generating client quarterly reports. BMA conservatively estimates that fifty percent of its annual maintenance costs for Advent Axys software is suitable for soft dollar payment.

We have no detailed procedure for allocating client transactions. We spread the transactions among several firms that provide research information based on our assessment of the value of the research in our investment decision-making process. We have a required level of commissions with our soft dollar broker (Interstate) as the cost of our quote system is paid on a monthly basis and the YCharts system is paid on a quarterly basis. Our trading activity in a client's account is not related to, or increased by, our soft dollar commitment.

BMA does not select or recommend broker-dealers in return for client referrals.

We do not direct client transactions to broker-dealers in return for client referrals. In some cases, clients direct BMA to utilize broker-dealers that are not in our standard network. When this occurs, the commission rates paid are generally more expensive than if BMA controlled the transaction.

Most of the clients of BMA allow the firm to direct transactions to the brokers of our choosing. Not all investment advisers control the placement of transactions for their clients—some clients choose the broker-dealer to be used.

BMA does not generally allow clients to direct brokerage transactions. In some instances, our client's investment accounts are custodied at broker-dealers of the client's choosing. In these cases, the client's transaction costs may be higher than our standard commission rates; however, the bank custody fee is not present.

When BMA buys or sells the same security for two or more clients (including our personal accounts), we may place concurrent orders to be executed together as a single "block" in order to facilitate orderly and efficient execution. Each client account will be charged or credited with the average price per unit. We receive no additional compensation or remuneration of any kind because we aggregate client transactions, and no client is favored over any other client. This block trading does not occur in instances where the client has designated a broker to custody their assets and execute transactions.

Form ADV, Part 2A, Item 13

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

Investment accounts are managed on a continuous basis and are reviewed by Ricky Moore, Jay Brooks or Jay Brooks, Jr. no less often than monthly. Most accounts are reviewed on a weekly basis. Trades are reviewed on a daily basis. Account statements are also provided to the client from the custodian on at least quarterly basis. IARs may meet with clients as frequently as is agreed or as requested by the client or IAR.

Form ADV, Part 2A, Item 14

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

BMA does not compensate any individual or firm for client referrals.

Form ADV, Part 2A, Item 15

### ***Custody***

Any investment adviser having custody or access to client funds or securities must comply with certain rules and regulations designed to protect the clients' assets. Rule 206(4)-2 of the Investment Advisers Act of 1940 details strict requirements governing investment advisers that have "custody" over client securities or funds. BMA meets the definition of having custody due to the following circumstances:

- BMA directly debits fees from client accounts when authorized by the client.

BMA does not have physical custody of any client funds and/or securities. Client funds and securities will be held with a bank, broker dealer, or other independent qualified custodian. You will receive account statements from the independent, qualified custodian holding your funds at

least quarterly. The account statement from your custodian will indicate the amount of advisory fees deducted from your account(s) each billing cycle. Clients should carefully review statements received from the custodian. BMA also sends quarterly invoices detailing the manner and amount of advisory fees to all clients.

### ***Investment Discretion***

Before Brooks, Moore & Associates, Inc. can buy or sell securities on your behalf, you must first sign our investment management contract which grants BMA the authority to do so. By choosing to do so, you grant the 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. Clients may impose limitations on discretionary authority for investing in certain securities or types of securities (such as a product type, specific companies, specific sectors, etc.). Limitations on discretionary authority are required to be provided to the firm in writing. Please refer to the “Advisory Business” section of this Brochure for more information on our discretionary management services.

### ***Voting Client Securities***

BMA clients, at the time they sign their custody agreement, choose whether they will retain proxy voting rights or assign those to BMA. BMA, as a matter of policy and as a fiduciary to our clients, has responsibility for voting proxies for portfolio securities consistent with the best economic interests of the clients. Our firm maintains written policies and procedures as to the handling, research, voting and reporting of proxy voting and makes appropriate disclosures about our firm’s proxy policies and practices. Our policy and practice includes the responsibility to monitor corporate actions, receive and vote client proxies and disclose any potential conflicts of interest as well as making information available to clients about the voting of proxies for their portfolio securities and maintaining relevant and required records. BMA will identify any conflicts that exist between the interests of the adviser and the client by reviewing the relationships of BMA with the issuer of each security to determine if BMA or any of its employees has any financial, business or personal relationship with the issuer. If a material conflict of interest exists, Ricky L. Moore or Jay W. Brooks, Jr. will determine whether it is appropriate to disclose the conflict to the affected clients, to give the clients an opportunity to vote the proxies themselves, or to address the voting issue through other objective means such as voting in a manner consistent with a predetermined voting policy or receiving an independent third party voting recommendation. BMA will maintain a record of the voting resolution of any conflict of interest. Absent material conflicts, BMA will determine how it should vote the proxy in accordance with applicable voting guidelines, complete the proxy and vote the proxy in a timely and appropriate manner.

***Effective March 26, 2019, proxy voting for clients will be completed online by Ricky L. Moore or Jay W. Brooks, Jr. and confirmation emails will be saved in pdf format on the BMA network drive.***

Clients may at any time request information regarding how BMA voted their proxies and may request a copy of these policies and procedures by contacting Jay Brooks, Jr. at (423) 756-8628.

***Financial Information***

BMA's financial condition is sound with no issues that are likely to impair our ability to meet our contractual client commitments. BMA is not required to provide financial information to our clients because we do not require or solicit the prepayment of fees.

***Requirements for State Registered Advisors***

BMA is registered with the Securities and Exchange Commission, therefore this section is not applicable.