



## Cypress Capital Management, LLC

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February 24, 2020

Part 2A Brochure

This brochure provides information about the qualifications and business practices of Cypress Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at (307) 674-1770. 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. Cypress Capital Management, LLC 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.

Additional information about Cypress Capital Management, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for Cypress Capital Management, LLC is 130401.

## ITEM 2 – MATERIAL CHANGES

### Summary of Material Changes

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 (IAPD) [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The following changes have been made since our last Annual Amendment filed in February 13, 2019:

- **Item 4** has been amended to reflect the update in Ownership of the Firm.
- **Item 8** has been amended to reflect additional Risk language regarding Alternative, Commodities and Cybersecurity.
- **Item 10** has been amended to reflect William B. Ebzery is no longer a member of the legal Board of Directors of First Interstate Bank Systems.

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 Stephanie Wagner at (307) 674-1770.

We encourage you to read this document in its entirety.

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#### ITEM 4 – ADVISORY BUSINESS

This Disclosure document is being offered to you by Cypress Capital Management, LLC (“Cypress”) in connection with the investment advisory services we provide. It discloses information about the services that we provide and the manner in which those services are made available to you, the client.

Cypress is an investment adviser registered with the SEC. The firm has been in business since 2004 and was founded by William Ebzery. Today, Cypress has four employees two of which are the principal owners Matthew Ebzery and Kristin Herbst together own 100% of the firm.

Cypress serves as an advisory firm for separately managed accounts (“Clients”). Cypress aims to satisfy the investment return goals set by the Clients. The majorities of Cypress’s investment strategies are equity-based and include preferred stocks, large cap stocks, mid cap stocks, small cap stocks, ETFs, and closed end funds. Each of the equities are researched by a Cypress portfolio manager to determine their validity as investments, taking in account the longevity and consistency of earnings, industry area, dividends earned, management of the company, similar companies, and company income generation, before being purchased or sold in a Client’s portfolio. Options are another investment product Cypress offers to their Clients and are never exercised without Client consent. Bonds are not a product that Cypress generally offers to its Clients, however Clients have the option to purchase bonds through Charles Schwab’s platform as a part of the Clients’ overall portfolio held in a Cypress managed account. Cypress does not use any commissioned products such as annuities. All of Client’s assets are managed on a discretionary basis, Cypress does not offer non-discretionary investment management services.

Cypress’ Clients are individuals, retirement accounts, foundations, corporations, trusts, and small businesses. Cypress specializes in investing in individual securities. Each security is researched with respect to the management of the company, income generation, dividends earned, industry area, consistency, and longevity of earnings. These factors determine whether the security is better suited for a growth, fixed income or a balance account, which are the main types of accounts offered by Cypress (see Item 8 below describing our investment strategies) Cypress also offers call options, preferred stocks and ETF’s to Clients interested in further diversifying their portfolios.

Cypress tailors its services to the needs of its Clients by setting oral and written investment objectives, investment strategy and investment restrictions, if any, as discussed with the Clients, and documented in the investment advisory agreement. Clients are encouraged to convey any particular investments they retain an interest in. Cypress advisors take full consideration of the Client’s preferences and views.

## Wrap Fee Programs

We do not place Client assets into a wrap fee program.

## Assets

As of December 31, 2019, we managed \$130,502,431 in client assets on a discretionary basis and no non-discretionary assets.

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### ITEM 5 - FEES AND COMPENSATION

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Cypress charges a fee as compensation for providing Investment Management services on your account. These services include advisory and consulting services, trade entry, investment supervision, and other account-maintenance activities. Your custodian charges transaction costs, custodial fees, redemption fees, retirement plan and administrative fees or commissions. See Additional Fees and Expenses below for additional details.

The fees for portfolio management are based on an annual percentage of assets under management or a fixed fee and are applied to the account asset value on a pro-rata basis and billed quarterly in arrears. The specific advisory fees are set forth in your Investment Advisory Agreement. Fees will vary based on the size of the account, complexity of the portfolio, extent of activity in the account or other reasons agreed upon by us and you as the client. The initial fee will be based upon the date the account is accepted for management by execution of the investment advisory contract by the Firm and the assets are transferred through the last day of the current calendar quarter. There may be a possibility for price or account value discrepancies due to quarter-end transactions in an account. Dividends or trade date settlements may occur and our third party billing software may report a slight difference in account valuation at quarter end compared to what is reported on your Statement from the Custodian. Our firm has the ability to produce billing summaries, which can be provided upon request.

Our fee schedule ranges from 0.4% - 1.0% of assets managed. Fees are negotiated with each Client. Specific fees are disclosed in the Client investment management agreement. For smaller accounts, a fixed annual fee may be charged.

Cypress maintains a minimum annual fee of \$100 for all discretionary accounts. Cypress clients are billed quarterly in arrears based on account holdings at the end of the quarter. Clients have the option to have their bill automatically deducted or to pay with a check. Additional deposits and withdrawals will be added or subtracted from portfolio assets, as the case may be, which may lead to an adjustment of the account fee. In certain circumstances, our fees and the timing of the fee payments may be negotiated. Our employees and their family related accounts are charged a reduced fee for our services.

At our discretion, we will aggregate asset amounts in accounts from your same household together to determine the advisory fee for all your accounts. We may do this, for example,

where we also service accounts on behalf of your minor children, individual and joint accounts for a spouse, and/or other types of related accounts. This consolidation practice is designed to allow you the benefit of an increased asset total, which could potentially cause your account(s) to be assessed a lower advisory fee based on the asset levels available in our fee schedule

Each month, the Client will receive a statement directly from their custodian showing all transactions, positions and credits/debits into or from the account. The monthly statements sent at quarter-end reflect the advisory fees deducted for that quarter.

*Pay-by-check:* If a Client does not wish to have the fees automatically deducted from its account, the Client has the alternative option to pay by check upon receiving the invoice in the mail.

Either Cypress or you may terminate the management agreement immediately upon written notice to the other party. The management fee will be pro-rated to the date of termination, for the quarter in which the cancellation notice was given and refunded to you. Upon termination, you are responsible for monitoring the securities in your account, and we will have no further obligation to act or advise with respect to those assets.

We will not require prepayment of more than \$1200 in fees per client, six (6) or more months in advance of providing any services.

#### **Administrative Services Provided by Black Diamond Performance Reporting, LLC**

We have contracted with Black Diamond Performance Reporting, LLC (referred to as “Black Diamond”) to utilize its technology platforms to support data reconciliation, performance reporting, fee calculation and billing, research, client database maintenance, quarterly performance evaluations, payable reports, web site administration, models, trading platforms, and other functions related to the administrative tasks of managing client accounts. Due to this arrangement, Black Diamond will have access to client accounts, but Black Diamond will not serve as an investment advisor to our clients. Cypress and Black Diamond are non-affiliated companies. Black Diamond charges our firm an annual fee for each account administered by Black Diamond. The annual fee is paid from the portion of the management fee retained by us.

#### **Additional Fees and Expenses:**

In addition to the advisory fees paid to Cypress, clients will also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively “Financial Institutions”). These additional charges will include securities brokerage commissions, transaction fees, custodial fees, fees charged by the Independent Managers, margin costs, charges imposed directly by a mutual fund or ETF in a client’s account, as disclosed in the fund’s prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials,

transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Cypress's brokerage practices are described at length in Item 12, below.

#### **ITEM 6 - PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

We do not charge advisory fees on a share of the capital appreciation of the funds or securities in a client account (so-called performance-based fees).

#### **ITEM 7 - TYPES OF CLIENTS**

We provide investment advice to individuals, high-net-worth individuals, families, small businesses, institutions, charitable trusts, estates, retirement accounts and corporations. We have no minimum initial account value.

#### **ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

Cypress takes an in-depth approach to researching and understanding securities of an issuer and its parent company. Cypress advisors formally meet bi-monthly to discuss new and current stock portfolios, and informally day to day. Security analysis methods include fundamental analysis, technical analysis, and cyclical analysis.

In our analysis process we use many different sources of information. Our main sources of information include the following:

- Financial newspapers, magazines & television
- Research of corporate activities
- Research materials prepared by third parties
- Corporate rating services
- Annual reports, prospectuses, filings with the Securities & Exchange Commission
- Company press releases
- Research through the Internet
- Research through other periodicals

The advisory team analyzes trade ideas, monitors the portfolio, performs risk and scenario analyses, and looks for investment opportunities within their strategy. The advisory team makes these determinations based on the current exposures in the portfolio, the market environment, the relative attractiveness, risk profile, and liquidity of the new position.

#### Methodology

The investment process used by Cypress is mainly a single security approach to investing; individual stocks are purchased in lieu of mutual funds. All accounts fall into one of the following four categories:

- Balanced - Mixture of the following:

- 50 – 75 % stock equities,
- 25 – 35% - master limited partnerships and preferred stocks
- Remainder in cash
- Fixed Income – Mixture of the following:
  - Preferred stocks
  - Master limited partnerships
  - Real estate investment trusts
  - Remainder in cash
- Growth- Mixture of the following:
  - Up to 95% in stock equities
  - Common stocks
  - Master limited partnerships
  - Preferred stocks & real estate investment trusts
  - Options
  - ETFs
  - Remainder in cash
- IRA – defined as either Balanced or Growth by the Client

#### Investment Strategies

Cypress implements investment strategies based on the needs of the Clients and considers factors such as the longevity or short term use of the account.

- Long term purchases – which are securities held at least a year
- Short term purchase – which are securities sold within a year
- Trading – which are securities sold within 30 days
- Option trading – which includes writing covered options, as well as purchasing uncovered options
- Index and Sector ETFs
- We do not employ the use of short sales or margin transactions.

Cypress believes each of these strategies pose some risk under certain economic conditions. By diversifying the client's portfolio, Cypress aims to shelter the Client from undue risk. Client investment goals are always the first and foremost concern in any investment strategy or combination of such. Cypress's focus on individualized attention to all of our Client's accounts enables our advisors to quickly react to market conditions and therefore to attempt to minimize significant losses for Clients.

Some potential risks applicable to Cypress's investment strategies are as follows.



### *Concentration of Investments*

Cypress generally seeks to maintain a diversified portfolio. However clients may occasionally hold minimal investments. Clients could be subject to significant losses if they are concentrated in a particular investment that declines in value.

### *Volatility*

The market value of investments will be volatile, and will generally fluctuate due to a variety of factors that are difficult to predict, including but not limited to, specific developments within a company or an industry, international events, economic conditions, and political events.

### *Dependence on Key Individuals*

Cypress depends heavily on the continued ability of William Ebzery, Kristin Herbst and Matthew Ebzery to research and make investments.

### *Systems Risks*

Cypress relies on computer programs and systems in connection with client accounts with making day to day transaction and monitoring, including: trading, evaluating certain investments, monitoring each client's portfolio, and generating reports. A system failure could lead to inaccurate accounting, recording, processing of trades, and cause inaccurate reports, which will affect the ability to monitor the clients' account. Block trading takes place through the Charles Schwab system that could result in a partially filled order due to a technical glitch.

### *Reinvestment Risk*

This is the risk that future proceeds from investments, specifically preferred securities, may have to be reinvested at a potentially lower rate of return.

### *Mutual Fund Analysis*

Our Firm may include mutual funds and exchange traded funds, ("ETFs") in our investment strategies. Our policy is to purchase institutional share classes of those mutual funds selected for the client's portfolio. The institutional share class generally has the lowest expense ratio. The expense ratio is the annual fee that all mutual funds or ETFs charge their shareholders. It expresses the percentage of assets deducted each fiscal year for funds expenses, including 12b-1 fees, management fees, administrative fees, operating costs, and all other asset-based costs incurred by the fund. Some fund families offer different classes of the same fund and one share class may have a lower expense ratio than another share class. These expenses come from client assets which could impact the client's account performance. Mutual fund expense ratios are in addition to our fee, and we do not receive any portion of these charges. If an institutional share class is not available for the mutual fund selected, the adviser will purchase the least expensive share class available for the mutual fund. As share classes with lower expense ratios become available, FIRM NAME may use them in the client's portfolio, and/or convert the existing mutual fund

position to the lower cost share class. Clients who transfer mutual funds into their accounts with our Firm would bear the expense of any contingent or deferred sales loads incurred upon selling the product. If a mutual fund has a frequent trading policy, the policy can limit a client's transactions in shares of the fund (e.g., for rebalancing, liquidations, deposits or tax harvesting). All mutual fund expenses and fees are disclosed in the respective mutual fund prospectus.

#### *Non-Transaction Fee (NTF) Mutual Funds*

When selecting investments for our clients' portfolios we might choose mutual funds on your account custodian's Non-Transaction Fee (NTF) list. This means that your account custodian will not charge a transaction fee or commission associated with the purchase or sale of the mutual fund.

The mutual fund companies that choose to participate in your custodian's NTF fund program pay a fee to be included in the NTF program. The fee that a mutual fund company pays to participate in the program is ultimately borne by the owners of the mutual fund including clients of our Firm. When we decide whether to choose a fund from your custodian's NTF list or not, we consider our expected holding period of the fund, the position size and the expense ratio of the fund versus alternative funds. Depending on our analysis and future events, NTF funds might not always be in your best interest.

#### **Risk of Loss**

Clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities involves risk of loss. Further, depending on the different types of investments there will be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, Cypress is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines.

Investors should be aware that accounts are subject to the following risks:

- **Market Risk** — Even a long-term investment approach cannot guarantee a profit. Economic, political and issuer-specific events will cause the value of securities to rise or fall. Because the value of investment portfolios will fluctuate, there is the risk that you will lose money and your investment will be worth more or less upon liquidation.

- Foreign Securities and Currency Risk — Investments in international and emerging-market securities include exposure to risks such as currency fluctuations, foreign taxes and regulations, and the potential for illiquid markets and political instability.
- Capitalization Risk — Small-cap and mid-cap companies will be hindered as a result of limited resources or less diverse products or services, and their stocks have historically been more volatile than the stocks of larger, more established companies.
- Interest Rate Risk — In a rising rate environment, the value of fixed-income securities generally declines and the value of equity securities will be adversely affected.
- Credit Risk — Credit risk is the risk that the issuer of a security will be unable to make interest payments and/or repay principal when due. A downgrade to an issuer's credit rating or a perceived change in an issuer's financial strength may affect a security's value and, thus, impact the fund's performance.
- Securities Lending Risk — Securities lending involves the risk that the fund loses money because the borrower fails to return the securities in a timely manner or at all. The fund could also lose money if the value of the collateral provided for loaned securities, or the value of the investments made with the cash collateral, falls. These events could also trigger adverse tax consequences for the fund.
- Derivative Risk — Derivatives are securities, such as futures contracts, whose value is derived from that of other securities or indices. Derivatives can be used for hedging (attempting to reduce risk by offsetting one investment position with another) or non-hedging purposes. Hedging with derivatives may increase expenses, and there is no guarantee that a hedging strategy will achieve the desired results.
- Exchange-Traded Funds — ETFs face market-trading risks, including the potential lack of an active market for shares, losses from trading in the secondary markets and disruption in the creation/redemption process of the ETF. Any of these factors may lead to the fund's shares trading at either a premium or a discount to its "net asset value."
- Performance of Underlying Managers — We select the mutual funds and ETFs in the asset allocation models. However, we depend on the manager of such funds to select individual investments in accordance with their stated investment strategy.
- Use of Options - Our firm may use Options. The predominant use of options at our firm is selling a covered call contract ("covered call"). When the investor sells the

call option on a security held in the portfolio, the benefit is to increase income while holding the security. The covered call is a conservative way to participate in the options market. However, the investor limits the upside potential of the stock in a rising market if the stock increases in value over the strike price. The client can also suffer from a declining market in the value of the stock, but can continue to sell more call options. The premium received is taxable income. The sale of the stock at the strike price may be a taxable event. Other basic option contracts may be utilized at times by our firm, although not a primary strategy. This includes buying a call, buying a put, or selling a put. These contracts have different and increased risks than the strategy described above. Options investors will receive a copy of Characteristics and Risks of Standardized Options published by The Options Clearing Corporation.

- **Cybersecurity Risk** - In addition to the Material Risks listed above, investing involves various operational and “cybersecurity” risks. These risks include both intentional and unintentional events at our Firm or one of its third-party counterparties or service providers, that may result in a loss or corruption of data, result in the unauthorized release or other misuse of confidential information, and generally compromise our Firm’s ability to conduct its business. A cybersecurity breach may also result in a third-party obtaining unauthorized access to our clients’ information, including social security numbers, home addresses, account numbers, account balances, and account holdings. Our Firm has established business continuity plans and risk management systems designed to reduce the risks associated with cybersecurity breaches. However, there are inherent limitations in these plans and systems, including that certain risks may not have been identified, in large part because different or unknown threats may emerge in the future. As such, there is no guarantee that such efforts will succeed, especially because our Firm does not directly control the cybersecurity systems of our third-party service providers. There is also a risk that cybersecurity breaches may not be detected.
- **Alternative Investment Risk** - Alternative investments are speculative, not suitable for all clients and intended for only experienced and sophisticated investors who are willing to bear the high risk of the investment, which can include: loss of all or a substantial portion of the investment due to leveraging, short-selling, or other speculative investment practices; lack of liquidity in that there may be no secondary market for the fund and none expected to develop; volatility of returns; potential for restrictions on transferring interest in the fund; potential lack of diversification and resulting higher risk due to concentration of trading authority with a single advisor; absence of information regarding valuations and pricing; potential for delays in tax reporting; less regulation and typically higher fees than other investment options such as mutual funds. The SEC requires investors be accredited to invest in these more speculative alternative investments. Investing in a fund that concentrates its investments in a few holdings may involve heightened risk and result in greater price volatility.

- **Commodities Risk** - If the commodity is purchased in physical form, such as gold bars and coins, for example, there are risks associated with transporting it from the place of purchase and of storing it securely over time. There are also risks that the transaction costs of buying or selling the physical commodity may be high. Additionally, there may be liquidity risks (one-half of a gold coin cannot be sold, for example). If the commodity is purchased in non-physical form, such as unallocated gold accounts, ETFs or other unit and investment trusts, there are risks associated with the movement in gold prices and the ability of the fund or trust manager to respond or deal with those price movements. There also may be initial charges as well as annual management fees associated with the fund or trust.

#### **ITEM 9 - DISCIPLINARY INFORMATION**

Cypress does not have any legal, financial or other “disciplinary” item to report.

#### **ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Neither Cypress nor any of its management persons are registered, or have an application pending to register, as a broker/dealer or a registered representative of a broker-dealer.

Neither Cypress nor any of its management persons are registered, or have an application pending to register as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

#### **ITEM 11 - CODE OF ETHICS PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

Cypress strives to service its clients with the highest integrity, confidentiality, and honesty. The Code of Ethics represents the overall structure of compliance for Cypress Capital Management. Cypress has adopted a Code of Ethics in accordance with the SEC’s regulation and to maintain open communication with current and potential Clients. Cypress Clients receive a copy of the Code of Ethics when opening an account and on an annual basis thereafter. Cypress employees are given a copy of the Code of Ethics when hired and annually for the remainder of their tenure. Cypress employees comply with all applicable federal securities laws, consider interests of clients first, avoid conflicts of interest, do not take inappropriate advantage of employee positions, adhere to certain restrictions with respect to the receipt and giving of gifts, and safeguard confidential information. Each employee is required to report to Cypress’s Chief Compliance Officer or Chief Executive Officer for any known or suspected violations of the Code or law.

Cypress does not prohibit personal trading by employees in the firm. To avoid conflicts with Client accounts, Cypress uses a block trading system which ensures all trades are placed at the same time and treated equally. Cypress advisors generally place their personal trades together with Client trades for the same securities in the same block trade.

This reflects the advisors' conviction in their investment advice. All block trades are made through Charles Schwab's trading platform which sets the price of the securities included in the trades and reports the settled price immediately after the transaction is made. This process eliminates the possibility of Cypress' employees having an advantage over client transactions. Further, Cypress does not offer advice to Clients with regards to the stock of companies for which its advisors sit on the Board of Directors due to the potential conflict of interest.

All Access persons of the Firm must periodically report their personal securities holdings and transactions. This also includes Access person's relations: A spouse, a minor, any persons living in the household and sharing financial responsibilities, any persons to whom the Access Person provides primary financial support, and either (i) whose financial affairs the Access Person controls, or (ii) for whom the Access Person provides discretionary advisory services. Access persons must submit holdings and transaction reports for all their accounts except for certain exceptions described below. The purpose of these reports is to allow the Firm the ability to monitor for any trading improprieties by the Firm's representatives such as trading activity that may suggest a representative of the Firm may have engaged in trading activity which subordinated a client's best interests to that of the representative.

The Code of Ethics is designed to protect our clients by deterring misconduct, educate personnel regarding the firm's expectations and laws governing their conduct, remind personnel that they are in a position of trust and must act with complete propriety at all times, protect the reputation of Cypress, guard against violation of the securities laws, and establish procedures for personnel to follow so that we may determine whether their personnel are complying with the firm's ethical principles.

We have established the following restrictions in order to ensure our firm's fiduciary responsibilities:

1. A director, officer or employee of Cypress shall not buy or sell any securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No director, officer or employee of Cypress shall prefer his or her own interest to that of the advisory client.
2. We maintain a list of all securities holdings and anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by an appropriate officer/individual of Cypress.
3. We emphasize the unrestricted right of the client to decline to implement any advice rendered, except in situations where we are granted discretionary authority of the client's account.

4. We emphasize the unrestricted right of the client to select and choose any broker-dealer (except in situations where we are granted discretionary authority) he or she wishes.
5. We require that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
6. Any individual not in observance of the above will be subject to termination.

William B. Ebzery sits on the Board of Directors of the William F. and Lorraine W. Welch Foundation, the Dodd & Dorothy Bryan Foundation and the Arnieri Foundation, which are private foundations ("Foundations") that employ Cypress as one of their investment advisors. In all cases, William Ebzery was a member of the Boards before Cypress was hired. The Foundations vote annually on the retention of the services of Cypress as their investment advisor; in which case Mr. Ebzery abstains from the vote.

Matthew M. Ebzery sits on the Sheridan College Foundation Board; Cypress has previously managed this account prior to Matthew's involvement.

You may request a complete copy of our Code by contacting us at the address, telephone or email on the cover page of this Part 2; attn: Chief Compliance Officer.

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## ITEM 12 - BROKERAGE PRACTICES

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### **The Custodian and Brokers We Use**

#### *Investment Management Services*

Clients must maintain assets in an account at a "qualified custodian," generally a broker-dealer or bank. We recommend that our clients use Charles Schwab & Co., Inc. Advisor Services ("Schwab"), a registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated, and unaffiliated with Schwab. Schwab will hold client assets in a brokerage account, and buy and sell securities when we instruct them to.

While we recommend that clients use Schwab as custodian/broker, client must decide whether to do so and open accounts with Schwab by entering into account agreements directly with them. We will open accounts with Schwab on the client's behalf and will notify the client in writing of the custodian's name, address, and the title of the account, promptly when the account is opened and following any changes to this information. The accounts will always be held in the name of the client and never in Cypress's name. Even though clients maintain accounts at Schwab, we can still use other brokers to execute trades for client accounts (see Client Brokerage and Custody Costs, below).

#### *How We Select Brokers/Custodians*

We seek to recommend a custodian/broker who will hold client assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

1. Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
2. Capability to execute, clear, and settle trades (buy and sell securities for client accounts)
3. Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
4. Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs], etc.)
5. Availability of investment research and tools that assist us in making investment decisions
6. Quality of services
7. Competitiveness of the price of those services (commission rates, other fees, etc.) and willingness to negotiate the prices
8. Reputation, financial strength, and stability
9. Prior service to Cypress and our other clients
10. Availability of other products and services that benefit us, as discussed below (see Products and Services Available to Us from Schwab)

#### *Client Brokerage and Custody Costs*

For our clients' accounts that Schwab maintains, Schwab generally does not charge separately for custody services. However, Schwab receives compensation by charging ticket charges or other fees on trades that it executes or that settle into clients' Schwab accounts. In addition to commissions, Schwab charges a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into a client's Schwab account. These fees are in addition to the ticket charges or other compensation the client pays the executing broker-dealer. Because of this, in order to minimize trading costs, we have Schwab execute most trades for client accounts. We have determined that having Schwab execute most trades is consistent with our duty to seek "best execution" of client trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see How We Select Brokers/Custodians).

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

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab's business serving independent investment advisory firms like us. They provide Cypress and our clients with access to its institutional brokerage, trading, custody, reporting, and related services, many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer



our clients' accounts; others help us manage and grow our business. Schwab's support services generally are available on an unsolicited basis (we do not have to request them) and at no charge to us. These are considered soft dollar benefits because there is an incentive to do business with Schwab. This creates a conflict of interest. We recognize the fiduciary responsibility to place your interests first and have established policies in this regard to mitigate any conflicts of interest.

Following is a more detailed description of Schwab's support services:

#### *Services That Benefit Our Clients*

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit our clients and their accounts.

#### *Services That May Not Directly Benefit Our Clients*

Schwab also makes available to us other products and services that benefit us but may not directly benefit our clients or their accounts. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

1. Provide access to client account data (such as duplicate trade confirmations and account statements)
2. Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
3. Provide pricing and other market data
4. Facilitate payment of our fees from our clients' accounts
5. Assist with back-office functions, recordkeeping, and client reporting

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

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

These services include:

1. Educational conferences and events
2. Consulting on technology, compliance, legal, and business needs
3. Publications and conferences on practice management and business succession
4. Access to employee benefits providers, human capital consultants, and insurance providers

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

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

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. These services are not contingent upon us committing any specific amount of business to Schwab in trading commissions. We believe that our selection of Schwab as custodian and broker is in the best interests of our clients.

Some of the products, services and other benefits provided by Schwab benefit Cypress and may not benefit our client accounts. Our recommendation or requirement that you place assets in Schwab's custody may be based in part on benefits Schwab provides to us, or our agreement to maintain certain Assets Under Management at Schwab, and not solely on the nature, cost or quality of custody and execution services provided by Schwab.

We place trades for our clients' accounts subject to its duty to seek best execution and its other fiduciary duties. We may use broker-dealers other than Schwab to execute trades for your accounts maintained at Schwab, but this practice may result in additional costs to clients so that we are more likely to place trades through Schwab rather than other broker-dealers. Schwab's execution quality may be different than other broker-dealers.

#### **Brokerage for Client Referrals**

Cypress does not receive client referrals from any broker-dealer or third party in exchange for using that broker-dealer or third party.

#### **Aggregation and Allocation of Transactions**

Cypress may aggregate transactions if we believe that aggregation is consistent with the duty to seek best execution for our clients and is consistent with the disclosures made to clients and terms defined in the client investment advisory agreement. No advisory client will be favored over any other client, and each account that participates in an aggregated order will participate at the average share price (per custodian) for all transactions in that security on a given business day. Cypress does not aggregate trades of our personnel with those of client accounts.

If we do not receive a complete fill for an aggregated order, we will allocate the order on a pro-rata basis. If we determine that a pro-rata allocation is not appropriate under the particular circumstances, we will base the allocation on other relevant factors, which may include:

1. When only a small percentage of the order is executed, with respect to purchase allocations, allocations may be given to accounts high in cash;
2. With respect to sale allocations, allocations may be given to accounts low in cash;

3. We may allocate shares to the account with the smallest order, or to the smallest position, or to an account that is out of line with respect to security or sector weightings, relative to other portfolios with similar mandates;
4. We may allocate to one account when that account has limitations in its investment guidelines prohibiting it from purchasing other securities that we expect to produce similar investment results and that can be purchased by other accounts in the block;
5. If an account reaches an investment guideline limit and cannot participate in an allocation, we may reallocate shares to other accounts. For example, this may be due to unforeseen changes in an account's assets after an order is placed;
6. If a pro-rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, we may exclude the account(s) from the allocation and disgorge any profits. Generally, de minimis allocations do not exceed 5% of the total allocation. Additionally, we may execute the transactions on a pro-rata basis.

### **Trade Errors**

We have implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with our fiduciary duty, it is our policy to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client will be made whole and we will absorb any loss resulting from the trade error if the error was caused by the firm. If the error is caused by the broker-dealer, the broker-dealer will be responsible for covering all trade error costs. If an investment gain results from the correcting trade, the gain will be donated to charity. We will never benefit or profit from trade errors.

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## **ITEM 13 - REVIEW OF ACCOUNTS**

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### **Account Reviews and Reviewers – Investment Supervisory Services**

Cypress will evaluate on a regular basis whether the investments made for Clients are consistent with each Client's investment objectives, restrictions and will monitor for any trading irregularities and/or unusual positions. Most Client accounts will be reviewed weekly by an advisor depending on the type of holdings within the account. Accounts vested in minimal investments or in more secure investments are reviewed periodically; whereas accounts containing multiple levels of securities and more volatile investments would be review on a more frequent basis. Transactions within the account from the prior business day are reviewed on a daily basis to ensure all transactions are accurate. These transactions are reviewed by one or more advisor/s and the Chief Compliance Officer.

Additional to the periodic review, client accounts are reviewed on a quarterly basis to ensure the proper investment techniques being performed and are consistent with the Client's preferences

### **Statements and Reports**

Through an agreement with Black Diamond and their Performance Reporting system, Cypress will have the ability to provide clients with Performance/Position summary reports upon request. Reports may also be provided at every client meeting. Communication to clients will be done on an as needed basis with a minimum of 1 contact per calendar quarter.

The Cypress-issued reports include the following:

- Portfolio Performance
- Portfolio Statement/ Asset Allocation
- Capital Flows & Valuation
- Income & Expense Reports
- Yield Analysis Reports
- Realized Gains & Losses

The report may also include

- Graphical Portfolio Statements
- Custom Holding Reports

You are urged to compare the reports provided by Cypress against the account statements you receive directly from your account custodian.

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### **ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION**

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Cypress does not have any arrangements, oral or written, with third parties to receive economic benefit for providing advisory services to its Clients and does not compensate anyone directly or indirectly for client referrals. Cypress does not directly or indirectly compensate any person for client referrals.

From time to time, we receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing-expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing such as advertising, publishing and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for whom sales have been made or it is anticipated sales will be made.

## ITEM 15 - CUSTODY

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody and must ensure proper procedures are implemented.

### **Deduction of Advisory Fees**

Cypress is deemed to have custody of client funds and securities whenever Cypress is given the authority to have fees deducted directly from client accounts. However, this is the only form of custody Cypress will ever maintain. For accounts in which Cypress is deemed to have custody, the firm has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. You should carefully review those statements and are urged to compare the statements against reports received from Cypress. When you have questions about your account statements, you should contact Cypress or the qualified custodian preparing the statement.

When fees are deducted from an account, Black Diamond will be responsible for calculating the fee and delivering instructions to the custodian. At the same time Black Diamond instructs the custodian to deduct fees from the client's account; a notification itemizing the fee will be sent to the client. Itemization shall include the formula used to calculate the fee, the amount of assets under management the fee is based on, and the time period covered by the fee.

### **Standing Letters of Authorization ("SLOA")**

Cypress is also deemed to have custody of clients' funds or securities when clients have standing authorizations with their custodian to move money from a client's account to a third-party ("SLOA") and, under that SLOA, it authorizes us to designate the amount or timing of transfers with the custodian. The SEC has set forth a set of standards intended to protect client assets in such situations, which we follow. We do not have a beneficial interest on any of the accounts we are deemed to have Custody where SLOAs are on file. In addition, account statements reflecting all activity on the account(s), are delivered directly from the qualified custodian to each client or the client's independent representative, at least quarterly. You should carefully review those statements and are urged to compare the statements against reports received from us. When you have questions about your account statements, you should contact us, your Advisor or the qualified custodian preparing the statement.

#### **ITEM 16 - INVESTMENT DISCRETION**

Prior to engaging Cypress to provide investment advisory services, you will enter into a written Agreement with us granting the firm the authority to supervise and direct, on an on-going basis, investments in accordance with the client's investment objective and guidelines. In addition, you will need to execute additional documents required by the Custodian so as to authorize and enable Cypress, in its sole discretion, without prior consultation with or ratification by you, to purchase, sell or exchange securities in and for your accounts. We are authorized, in our discretion and without prior consultation with you to: (1) buy, sell, exchange and trade any stocks, bonds or other securities or assets and (2) determine the amount of securities to be bought or sold and (3) place orders with the custodian. Any limitations to such authority will be communicated by you to us in writing. The limitations on investment and brokerage discretion held by Cypress for you are:

1. For discretionary clients, we require that we be provided with authority to determine which securities and the amounts of securities to be bought or sold.
2. Any limitations on this discretionary authority shall be included in this written authority statement. You may change/amend these limitations as required. Such amendments shall be submitted in writing.

#### **ITEM 17 - VOTING YOUR SECURITIES**

We will not vote proxies under our limited discretionary authority. You are welcome to vote proxies or designate an independent third-party at your own discretion. You designate proxy voting authority in the custodial account documents. You must ensure that proxy materials are sent directly to you or your assigned third party. We do not take action with respect to any securities or other investments that become the subject of any legal proceedings, including bankruptcies. Clients are able to contact our office with questions about a particular solicitation by phone at (307) 674-1770.

#### **ITEM 18 - FINANCIAL INFORMATION**

This item is not applicable to this brochure. We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, we have not been the subject of a bankruptcy petition at any time.