

## **Item 1. Cover Page**

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

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**This brochure provides information about the qualifications and business practices of Evart, Young & Hobbs. If you have any questions about the contents of this brochure, please contact us at: 650-802-0342, or by email. 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. Registration does not imply a certain level of skill or training.**

**Additional information about Evart, Young & Hobbs is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Evart, Young & Hobbs is 110263.**

**DATE  
September 11, 2020**

## **Item 2: Summary of Material Changes**

In the future this Summary of Material Changes will discuss only the material changes since the last update of this Brochure.

Whenever you would like to receive a complete copy of our brochure, please contact us by telephone at: 650-802-0342 or by email at: [dhobbs@eyhadvisors.com](mailto:dhobbs@eyhadvisors.com)

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## **Item 4: Advisory Business**

We provide investment advisory services to individual clients, as well as trusts, qualified retirement plan sponsors, and business entities. We are in our 37<sup>th</sup> year of operation. We are a fee-only firm and we currently manage \$230.4 million in assets.

We manage securities accounts on your behalf. For discretionary accounts we have the authority to determine, without obtaining your specific consent, the securities to be bought or sold. We do not act as custodian of your assets. You always maintain asset control. We place trades for you under a limited power of attorney.

We generally recommend institutional-class stock mutual funds with low annual expense ratios, and extremely low internal transaction costs. At times we may recommend other low-cost investment solutions, such as ETFs, low cost bond funds, and other products. For more on our investment philosophies, and the risks of our strategies and/or specific investments recommended, please refer to Item 8.

We actively seek to avoid, or at least minimize, conflicts of interest which may exist between our firm and you. We sell no products. We accept no commissions. We do not recommend any fund which possesses a 12b-1 fee. However, all investment advisory firms will likely possess some unavoidable conflicts of interest. In those instances when conflicts of interest arise, we have adopted policies which seek to keep your best interests paramount at all times. See Items 5, 11 and 12 of this Brochure, and other items, which explore in further detail how we act to keep your best interests first at all times during the course of our relationship with you.

## **Our Firm's History**

Founded in 1982 as Emery/Evart Portfolio Management, Leo H. Evart and Rosalee Young became partners to establish the firm in 1992 currently known as, Evart, Young & Hobbs Investment Management. We manage approximately \$157 million on a discretionary basis and \$58 million on a non-discretionary basis for our clients.

## **Our Principal Owners**

Rosalee Young, CFP

Derek M. Hobbs, MBA

## **Types of Advisory Services**

### **Asset Management**

We provide investment supervisory services, also known as asset management services and furnish investment advice through consultations.

On an occasional basis, we furnish advice to you on matters not involving securities, such as financial planning matters, taxation issues, and trust services that often include estate planning.

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

Stocks and bonds may be purchased or sold through a brokerage account when appropriate. The brokerage firm charges a fee for stock and bond trades. We do not receive any compensation, in any form, from these transactions.

Investments may also include: corporate debt securities, certificates of deposit, municipal securities, and U. S. government securities.

We do not invest in wrap fee programs or manage assets for any wrap fee accounts.

We do not invest in Initial public offerings (IPOs).

## Our Fees

We base our fees on a percentage of assets under management.

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

Fees are negotiable.

Assets Under Management	Annual Fee %
First \$1,500,000	1.00%
Next \$1,500,000	0.75%
Next \$2,000,000	0.50%
Amounts over \$5,000,000	0.25%

Investment management fees are billed quarterly, in advance, meaning that we invoice you before the three-month billing period has begun. Payment in full is expected upon invoice presentation. Fees are usually deducted from an account designated by you to facilitate billing. You must consent in advance to direct debiting from your investment account.

## Management of Conflicts of Interest between Clients

Our relationship with you is non-exclusive; in other words, we provide investment advisory services to multiple clients. We seek to avoid situations in which one client's interest may

conflict with the interest of another of our clients. However, one circumstance which could arise is a sudden sharp downturn in the values of one or more stock asset classes, thereby triggering (under adopted investment policies with the vast majority of our clients) the need to rebalance the investment portfolios following the close of any business (trading) day. In this instance, we seek to rebalance each client's investment portfolio on a timely basis, keeping in mind that most mutual fund trades occur at the end of a trading day.

## **How Fees are Calculated**

Billing amounts are based upon the value (market value or fair market value in the absence of market value) of the client's account(s) (including both securities and cash) at the end of the previous quarter (or, for new clients, upon a date agreed to by us and you). Valuations are derived from recognized and independent pricing sources, such as Charles Schwab & Co. Institutional or other custodians.

## **Return of Unearned Fees upon Termination**

Contracts for Investment Advisory Services may be terminated by either party by giving 30 days written notice of termination to the other party. Fees paid in advance will be prorated to the date of termination specified, and any unearned portion will be refunded or credited against amounts due. Fees for services rendered and not yet paid, will be billed upon termination of the contract.

## **Other Fees or Expenses Paid in Connection with Our Services**

All fees paid to us for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. Mutual fund expenses are generally described in each fund's prospectus. These expenses will generally include a management fee, other fund expenses, and possibly a distribution fee. In addition, mutual funds incur transaction costs which are disclosed in the fund's prospectus or Statement of Additional Information, but which may be estimated.

You may incur transaction fees or commissions in connection with trading of mutual fund, ETF, individual stock and bonds (and/or principal mark-ups and mark-downs for principal trades), which are charged by the custodian (brokerage firm holding safekeeping of your assets for safekeeping. Mutual fund transaction fees charged by our recommended custodians, Charles Schwab & Company generally vary from \$25.00 to \$49.95 for each purchase and sale transaction. The transaction costs for stock and bond trades vary. Accordingly, the client should review both the fees charged by the funds (including transaction and opportunity costs within funds which are not included in a fund's annual expense ratio), the transaction fees charged by the custodian, as well as the fees charged by us, to fully understand the total amount of fees and costs paid by you, in connection with any recommended transaction. For a discussion of our practice in recommending brokers (custodians) to you and negotiating brokerage fees on your behalf, please see Item 12.



You may also incur "account termination fees" upon the transfer of an account from one brokerage firm (custodian) to another. The range for these account termination fees is believed to range generally from \$0 to \$200 at present, but at times may be much higher. You should contact your custodians (brokerage firms, bank or trust company, etc.) to determine the amount of account termination fees which may be charged and deducted from your accounts which may be transferred.

### **Comparable Services**

We believe that the charges and fees offered are competitive with alternative programs available through other firms offering a similar range of services; however, lower fees for comparable services may be available from other sources. You could invest in mutual funds directly, without our services. In that case, you would not receive the services provided by us which are designed, among other things, to assist you in determining which mutual fund or funds are most appropriate to your financial condition and objectives, undertake a disciplined approach to portfolio rebalancing while taking into account the tax ramifications of same, and to avoid ad hoc emotional reactions to shorter-term market events.

### **Management of Conflicts of Interest Relating to the Fees We Receive, and Receipt of Percentage-Based Compensation.**

The vast majority of our clients pay us fees based upon a percentage of the assets we advise upon. This is a very common form of compensation for registered investment advisory firms and avoids the multiple inherent conflicts of interest associated with commission-based compensation (we do not accept commission-based compensation of any nature, nor do we accept 12b-1 fees). Asset-advised-upon percentage method of compensation can still at times lead to conflicts of interest between our firm and you as to the advice we provide. For example, conflicts of interest may arise relating to the following financial decisions in life: incur or pay down debt; gift funds to charities or to individuals; purchases of a (larger) home or cars or other non-investment assets; the purchase of a lifetime immediate annuity; personal expenditures; investment in private equity investments, and the amount of funds to place in non-managed cash reserve accounts. We have adopted internal policies to properly manage these and other potential conflicts of interest. Our goal is that our advice to you remains at all times in your best interests, disregarding any impact of the decision upon our firm.

Each time such a potential conflict may arise, we will give you written notice of the conflict in that given situation if our advice regarding the proposed transaction would impact our compensation.

### **Our Services are Tailored to Meet Your Needs and Investment Restrictions.**

In general, our advisory services are tailored to meet your needs, while model portfolios may be utilized for some clients. For most clients each investment portfolio is individually designed. As appropriate you will have a conference with your advisor to review any changes to your financial situation and the investment portfolio upon which advice is provided by us.

After consultation with us, you may impose restrictions on investing in certain securities or types of securities. This most often occurs when you request certain social investing needs be addressed, such as through the use of mutual funds which avoid investments in certain companies. Other restrictions may be imposed by you with respect to the (average or longest) maturity or credit quality of fixed income investments.

Our Agreement with you may not be assigned without your consent.

## **Item 5: Fees and Compensation**

Please refer to the discussion about our fees under Item 4.

## **Cancellation and Termination of Agreements**

Contracts for Investment Advisory Services may be terminated by either party by giving 30 days written notice of termination to the other party. Fees paid in advance will be prorated to the date of termination specified, and any unearned portion will be refunded or credited against amounts due. Fees for services rendered and not yet paid, will be billed upon termination of the contract.

Termination of an agreement will not affect: (a) the validity of any action previously taken by us under the agreement; liabilities or obligations of the parties from transactions initiated before termination of the agreement; or your obligation to pay advisor fees (prorated through the date of termination). Upon the termination of the agreement, we will not possess any obligation to recommend or take any action with regard to the securities, cash, or other investments in your account.

## **Item 6: Performance Based Fees and Side-by-Side Management**

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

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

## **Item 7: Types of Clients**

We provide investment advice primarily to individuals and their families, including high net worth individuals, and trusts.

We also provide investment advice to pension and profit sharing plans and plan participants, as well as business entities.

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

### **Methods of Analysis**

#### **General**

Security analysis methods may include charting, fundamental analysis, technical analysis, and cyclical analysis.

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

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

Expansive academic research, investment information, and certain proprietary analyses are drawn upon by us, in order to provide innovative investment advisory services.

This information becomes the basis for the strategic asset allocation plan which we believe will best meet your stated long term personal financial goals. The strategic asset allocation provides for investments in those asset classes which we believe (based on historical data and our analysis) will possess attractive combinations of return, risk, and correlation over the long term.

A tremendous amount of academic research reveals that strategic asset allocation is determinative of the majority of the long-term gross returns of investors' portfolios. Our selection of asset classes is driven by research into global asset classes by such academics as Professor Eugene Fama, Sr. of the University of Chicago Booth Graduate School of Business and the Center for Research in Security Prices, Professor Kenneth French of Dartmouth College, and many other academics and researchers.

The investment advice which we provide is based upon long-term investment strategies which incorporate the principles of Modern Portfolio Theory. The utilization of several different asset classes as part of an investor's portfolio is emphasized, as this has been shown to usually effect a reduction in portfolio volatility (i.e., the standard deviation of the portfolio returns) over long periods of time. We allocate and diversify your assets among various asset classes and then among individual investments, following the investment policy agreed to by you.

Our investment approach is firmly rooted in the belief that markets are fairly efficient (although not always rational) and that investors' gross returns are determined principally by asset allocation decisions. A focus is provided on developing and implementing globally diversified portfolios, principally through the use of low-cost and tax-efficient passively managed stock mutual funds that are generally available only to institutional investors and clients of advisers granted access to such funds.

Investment policy and overall portfolio weightings as between equities and fixed income investments are based upon your needs and desires, perceived risk tolerance and the need to assume various risks, and investment time horizon. Your portfolio may then follow models designed by us to fit the overall weightings of equities (stocks, stock mutual funds, etc.) and fixed income investments (notes, bonds, bond funds, CDs, etc.) in your portfolio. For other clients, the investment portfolio's strategic asset class allocation is customized to meet the specific circumstances of a client, the presence of investments in 401(k) or other accounts, as well as a perception of the client's understanding of the fundamental forces affecting risk and return in the capital markets

## Our Investment Planning Process

This process ensures the design of a strategic investment plan that is customized to each client's unique goals and objectives, yet is flexible enough to respond to a client's changing financial circumstances.

**Initial consultation:** allows us to understand your financial circumstances and gather data to formulate a solution.

**Financial analysis:** from the data collected at the initial meeting, we establish an investment plan. This becomes the roadmap by which we can measure your financial progress.

**Asset allocation modeling:** allocating your investment dollars to specific mutual fund asset classes (stocks, bonds, money market, etc.) based upon your given risk tolerance level.

**Investment Selection:** we implement your customized asset allocation model with carefully screened investment choices that will match your investment objectives.

**Portfolio Monitoring & Rebalancing:** we are continually monitoring the capital markets and the investments selected, making adjustments when we feel necessary to maintain an investment strategy that is consistent with your risk/return profile.

**Reporting:** our reporting system keeps you informed of your investment strategy, account positions and values, performance results, asset allocation, and taxable gains and losses.

Our security analysis is based upon a number of factors including those derived from commercially available software technology, securities rating services, general economic and market and financial information, due diligence reviews, and specific investment analyses that clients may request. The main sources of information include commercially available investment information and evaluation services, financial newspapers and journals, academic white papers and periodicals.

## Investment Selection

We objectively screen all investment choices and identify the highest quality investments for your customized asset allocation model. We are not compensated by investment companies

for recommending our clients to invest in any specific investment, thus our recommendations are without bias, not compromising our clients' best interests. The primary investment vehicles for our clients' portfolios which we screen are exchange traded funds (ETFs), and no-load institutional mutual funds.

**Screening the criteria:** we screen from a broad number of investments. Our purpose is to identify managers or management teams that can add value to their portfolio, versus a specified benchmark.

**Quantitative Screening:** this process involves analyzing performance (relative & absolute), risk, performance consistency, manager tenure, expenses and asset growth.

**Qualitative Screening:** this process seeks to identify a manager's "edge" and gain comfort that his/her process is repeatable. We are looking for managers who are independent thinkers and have a clearly articulated buy process, appropriate risk controls, a sell discipline and adequate personnel and committed resources.

**Ongoing Review:** We are continually monitoring the progress of the managers to ensure they perform as expected.

Your investment portfolio may also include individual fixed income investments (bonds, C.D.'s, etc.) and/or bond funds. For clients with a substantial fixed income allocation, we generally recommend a combination of bond funds investments, with recommended actual investments dependent upon our view of the risk/return relationship for various forms of fixed income investments or bond funds. We will typically request discretionary authority from you to manage individual fixed income assets, as such may be necessary to enable us to purchase or sell such assets in a timely manner at quoted prices.

Your existing investments are evaluated in light of the desired investment policy objectives. We work with you to develop a plan to transition from your existing portfolio to the desired portfolio. Investment advice may be offered on any investments held by you at the start of the advisory relationship. Your portfolio holdings and strategic asset allocation are then monitored periodically, taking into account your cash flow needs. Review meetings with you may be held regarding your investment assets under management and other personal financial planning issues.

### Risk of Loss, Generally

Investing in securities involves a risk of loss that you should be prepared to bear. The investment recommendations seek to limit risk through broad global diversification in equities (through broadly diversified stock mutual funds and/or separate account management programs) and investment in high quality fixed income securities or diversified bond funds.

Given the long-term nature of the expected equity premium (i.e., the additional expected return for investing in the overall stock market, relative to less "risky" U.S. Treasury bills), and the long-term nature of the expected value and small cap effects, our investment philosophy is best suited for investors who desire a buy and hold strategy for a substantial

portion of their funds. Even then, investing is inherently uncertain as to future returns. While both macroeconomic and microeconomic risks are evaluated, for purposes of weighing risks and returns and for the computation of the expected returns of various asset classes (for use in financial planning decision-making), we do not generally engage in market-timing activities. We believe the equity, value and small cap effects are highly likely to occur in the future, over long periods of time. However, there can be no assurance that these effects will occur over any given time period. While we seek to reduce non-compensated risks to which you may be exposed, other risks (including but not limited to the risk of a general stock market decline) may be assumed in order to seek to attain the client's longer-term financial goals and objectives; however, we cannot provide any guarantee that the client's goals and objectives will be achieved.

### Risk of Loss, Certain Higher-Risk Securities

Certain securities recommended, such as U.S. small cap value and mid cap value stock mutual funds, U.S. small cap and micro-cap mutual funds, and similar pooled investment vehicles inside variable annuities, possess higher levels of volatility (as individual asset classes within a portfolio). We may employ these securities as part of an overall strategic asset allocation for you, and when such is undertaken we possess a reasonable belief that the risk-return relationship for these securities will likely be beneficial you over the long term.

Please also note that while all Certificates of Deposit (CDs) purchased for you are FDIC-insured, the pricing of certain of these CDs, which trade in the secondary market, can vary; accordingly, due to price declines and/or transaction costs associated with trading, these CDs could lose value if redeemed prior to maturity. When CDs are recommended to you, it is our intent that you hold the CDs to maturity.

### Cash Balances in Client Accounts

Cash in your investment accounts are typically swept into the bank or money market mutual fund accounts of the institutions (Charles Schwab). We discuss with you, during the time of review conferences and at other times, upcoming cash flow needs and seek to plan accordingly to meet those needs. While it is not the practice to encourage you to maintain a large amount of cash in your accounts, such may be undertaken at your request, to facilitate our billing of periodic fees, or for other reasons. Upon your request, cash balances will be maintained for temporary or short-term purposes.

Should you desire a "cash reserve account," we will assist you to establish a separate, non-managed cash reserve account. We then seek to review with you, during periodic conferences, whether any funds are needed to restore cash reserves. We exclude separate accounts established for cash reserve purposes in the calculation of our assets under management, and exclude the value of cash reserve accounts from our fee calculations.

## **Item 9: Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events of their firm or certain management personnel which would be material to your evaluation of us or our integrity in management of your investment portfolio.

We possess no legal or disciplinary events which, in the judgment of our Chief Compliance Officer, are required to be disclosed under the guidelines for such disclosure promulgated by the U.S. Securities and Exchange Commission

## **Item 10: Other Financial Industry Activities and Affiliations**

### **Financial Industry Activities**

We are not involved in any other financial industry activities.

### **Affiliations**

We have no arrangements that are material to our advisory business or you with any other entity.

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

We seek to avoid material conflicts of interest. Accordingly, neither we nor our investment advisor representatives nor our team members receive any third party direct monetary compensation (i.e., commissions, 12b-1 fees, or other fees) from brokerage firms (custodians) or mutual fund companies.

However, some additional services and non-direct monetary or other forms of compensation are offered and provided to us as a result of our relationships with custodian(s) and/or providers of mutual fund products. For example, our investment advisors and employees may be invited to attend educational conferences and/or entertainment events sponsored by such brokerage firms or custodians or mutual fund companies. Other services may be provided as outlined below. We believe that the services and benefits actually provided to it by brokerage firms (custodians) and mutual fund providers do not materially affect the investment management recommendations made to you. However, in the interest of full disclosure of any potential conflicts of interest, we discuss the possible conflicts herein.

Although we believe that our business methodologies, ethics rules, and adopted policies are appropriate to eliminate, or at least minimize, potential material conflicts of interest, and to manage appropriate any material conflicts of interest that may remain, you should be aware that no set of rules can possibly anticipate or relieve all potential material conflicts of interest.



## Our Code of Ethics

We have adopted a Code of Ethics, to which all investment advisor representatives and employees are bound to adhere. The key component of our Code of Ethics states:

We and our investment advisor representatives and employees shall always:

- Act in the best interests of each and every client;
- Act with integrity and dignity when dealing with clients, prospects, team members, and others;
- Strive to maintain and continually enhance our high degree of professional education regarding Modern Portfolio Theory, strategic asset allocation, and financial, tax, estate, and risk management planning; and
- Seek at all times to preserve our firm's independence and to maintain our complete objectivity with respect to our advisory services and each recommendation made to our clients.

We further adopted a detailed Code of Ethics expressing our commitment to ethical conduct, which is adopted by reference by us, and which is utilized to guide the personal conduct of our various team members. This detailed Code of Ethics describes our fiduciary duties and responsibilities to you and sets forth our practice of supervising the personal securities transactions of employees with prior or concurrent access to client trade information.

A copy of the Code of Ethics is available to you upon request.

## Participation or Interest in Client Transactions and Personal Trading

We do not participate in securities in which we have a material financial interest. We and our related persons, as a matter of policy, do not recommend to you, or buy or sell for your accounts, securities in which the firm or our related persons has a material financial interest.

Our Code of Ethics provides that individuals associated with our firm may buy or sell securities for their personal accounts identical or different than those recommended to you. However, it is the expressed policy of our firm that no person employed by the firm shall prefer his or her own interest to yours nor make personal investment decisions based on your investment decisions.

To supervise compliance with the Code of Ethics, we require that anyone associated with this advisory practice and who possesses access to advisory recommendations (before or at the time they are entered into) ("access persons") to provide annual securities holding reports and quarterly transaction reports to our Chief Compliance Officer or her designee. We also require access persons to receive advance approval from our Chief Compliance Officer or her designee prior to investing in any initial public offerings or private placements, and with regard to trading of certain individual securities.

The Code of Ethics further includes our policy prohibiting the use of material non-public information and protecting the confidentiality of client information. We require that all individuals must act in accordance with all applicable Federal and State regulations governing



registered investment advisory practices. Any individual not in observance of the above may be subject to discipline.

## **Item 12: Brokerage Practices**

### **Use of Brokerage Firms (Custodians), Generally**

We utilize the services of Charles Schwab Institutional as custodian and they provide our team members with access to institutional trading and custody services, which services are typically not available to retail investors. These services generally are available to independent investment advisors on an unsolicited basis and at no charge to them. However, not all independent investment advisors recommend that their clients utilize particular custodians.

EY&H recommends that clients establish brokerage accounts with the Schwab Institutional® division of Charles Schwab & Co., Inc. (Schwab), a FINRA-registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although EY&H may recommend that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. EY&H is independently owned and operated and not affiliated with Schwab.

Schwab provides EY&H with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Schwab Institutional. These services are not contingent upon EY&H committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For EY&H client accounts that may be maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab Institutional also makes available to EY&H other products and services that benefit EY&H but may not directly benefit our clients' accounts. Many of these products and services may be used to service all or some substantial number of EY&H's accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist EY&H in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing

and other market data; (iv) facilitate payment of EY&H's fees from our clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

#### Discussion of Benefits to Adviser, to us as to Custodians

The benefits provided by Charles Schwab, or others, include assistance with practice management and assistance with the management of client accounts, including but not limited to: (a) receipt of duplicate client confirmations; (b) receipt of electronic duplicate statements; (c) access to a trading desk serving investment advisor firm participants exclusively, and providing research, pricing information, and other market data; (d) access to the investment advisor portion of their web sites, which includes practice management articles, compliance updates, and other financial planning related information and research materials (including, for example, rating reports on individual companies from Standard and Poor's or other sources); (e) access to other vendors (such as insurance or compliance providers, or providers of research or other materials) on a discounted fee basis through discounts arranged by the custodians; (f) permitting us to access an electronic communication network for client order entry and to access clients' account information, which may otherwise assist us with our back-office functions, including recordkeeping and client reporting; and (g) conferences at which advisors and employees of our firm may attend (with no registration fees) and receive education on issues such as practice management, marketing, investment theory, financial planning, business succession, regulatory compliance, and information technology.

Participation in the custodians programs also provides access to certain mutual funds which generally require significantly higher minimum initial investments or are generally available only to institutional investors.

The benefits received through participation in the custodian's programs may depend upon the amount of transactions directed to, or amount of assets placed in custody with Charles Schwab; others, if any.

Generally, many of these services may be utilized to service all or a substantial number of our clients' accounts. Educational, research, or other services provided by custodians (i.e. Charles Schwab; others, if any) or mutual fund companies may benefit all of our clients, or may benefit only some clients.

#### Our Recommendations of Brokerage Firms

While as a fiduciary, we endeavor to act in your best interests, our desire that you maintain much of your assets in accounts at Charles Schwab; others, if any, may be based in part on the benefit to our firms of the availability of some products and services (previously described) at no cost to us, or at reduced costs, and not solely on the nature, cost, or quality of custody and brokerage services provided by the brokers, and this may create a potential conflict of interest. You may, therefore, pay higher transaction fees, commissions (for individual stock and ETF trades), and principal mark-ups and mark-downs (relating to purchases and sales on a principal, as opposed to an agency, basis), than those charged by other discount brokers. However, we have negotiated fees with the custodians we recommend, and we have selected these custodians for their generally low fees relative to another large custodian. Also, please

note that we prefer to recommend custodians whom possess significant size and financial resources, for purposes of enhanced safety of your funds. For all of these reasons, the lowest cost custodian for you may not be recommended to you by us.

### Soft Dollars

We do not receive any soft dollar benefits from broker/dealers acting as custodian for your accounts.

### Order Aggregation

We have chosen to not aggregate (combine) the trades of our clients. This is due to the fact that all trade decisions are reviewed for near-term and long-term tax efficiency, which requires individual analysis of most trading decisions. This individual analysis of trades does not lend itself to computer software programs which could aggregate trades.

Most trades are mutual funds or exchange-traded funds where trade aggregation does not garner any client benefit.

## Item 13: Review of Accounts

Portfolio Reviews and Rebalancing of your portfolio, for the assets held under management with us will be undertaken: (1) periodically; (2) upon request, and (3) upon a substantial asset class change, under the following adopted policies and procedures.

Periodic Portfolio Reviews are undertaken by us to ascertain if the values in any asset class have strayed beyond their target minimums or maximums, and for purposes of meeting your cash flow needs. Even if one or more asset classes fall outside their target minimums or maximums, we may determine not to rebalance the asset class for various reasons, such as avoidance of short-term capital gains, deferring long-term capital gains realization, minimization of transaction costs, or our view on whether the asset class is undervalued or overvalued relative to historic norms and our view of the level of the macroeconomic risks to which the asset class may be exposed. Such in-house portfolio reviews are subject to additional restrictions set forth below.

Additional Portfolio Reviews are undertaken upon your request, such as when special cash needs arise or when additional cash or securities are added to the investment portfolio. We will respond to such requests within a reasonable period of time.

We may also undertake sales and purchases during this time to effect tax loss harvesting, in addition to rebalancing actions.

In undertaking rebalancing actions, we will seek to rebalance one or more asset classes closer to the targets. We may decline to rebalance a specific asset class, due to tax concerns, high transaction costs relative to the trade amount, or other reasons.

## Regular Reports

Quarterly Reports from us on your investment portfolio and a portfolio rebalancing analysis. Such reports also include a performance report of your portfolio. In addition, in January or February of each calendar year, you will be provided with a realized gains and loss report for any taxable accounts which are under management to aid your CPA/accountant/tax preparer in income tax preparation.

While we are hopeful that the information supplied by custodians is reliable, we cannot guarantee its accuracy.

Clients may also directly access account information at the custodians with which the accounts are held online (specifically Charles Schwab & Co.), each and every business day, via the secure web sites of these institutions.

Monthly or Quarterly Statements Directly from Account Custodians are sent to you directly from the corresponding brokers, banks, mutual funds, partnership sponsors, and/or insurance companies which hold your investments. These statements reflect the assets in the custodian's custody, together with confirmations of each transaction executed in the account(s) if desired by you. For some custodians, you may elect to receive these statements by e-mail rather than U.S. mail.

We also encourage clients to timely compare the account statements received from us with those received directly from the custodian(s). Should you detect any unauthorized trading in an account, or unauthorized transfers of cash or securities, you are asked to contact Rosalee Young, Chief Compliance Officer, at 650-802-0342.

## Item 14: Client Referrals and Other Compensation

### Incoming Referrals

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

### Referrals Out

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

## Item 15: Custody

All assets are held at a qualified custodian, which means the custodians provide account statements directly to you at your address of record at least quarterly.

However, with your consent, we may be provided with the authority to seek deduction of our fees from your account(s); this process generally is more efficient for both you and us, and there may be tax benefits for you to this method when fees can be paid from certain tax-deferred accounts of clients.

### **Item 16: Investment Discretion**

We accept discretionary authority to manage securities accounts on your behalf. We have the authority to determine, without obtaining your specific consent, the securities to be bought or sold, and the amount of the securities to be bought or sold.

### **Item 17: Voting Client Securities**

As a matter of firm policy and practice, we do not accept authority to vote proxies on your behalf. You retain the responsibility for receiving and voting proxies for any and all securities maintained in your portfolios. Generally, you will receive their proxies or other solicitations directly from the custodian or transfer agent. However, you may call or e-mail us with questions regarding a particular proxy or other solicitation, and we may provide advice to you regarding your voting of proxies or such solicitations, upon your request.

You should note that we will not advise nor act on your behalf in legal proceedings involving companies whose securities are held or previously were held in the your account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, you may direct us to transmit copies of class action notices to you or a third party. Upon such direction, we will make commercially reasonable efforts to forward such notices in a timely manner.

### **Item 18: Financial Information**

We do not require the prepayment of more than \$1,200 in fees per client, six months or more in advance. Generally, we only require the prepayment of fees for more than one calendar quarter when a client first signs the client services agreement. This prepayment will not exceed a period of six months (two full calendar quarters), and generally only requires payment for the remaining days in the current calendar quarter and the fee for the next full calendar quarter.

We accept limited forms of discretion over your accounts, as described in Item 16 of this Brochure. Due to this acceptance, we are required to disclose any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. We currently possess no such financial condition. We have never been the subject of a bankruptcy proceeding.

## Additional Information

### Business Continuity Plan

#### General

We have a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people.

#### Disasters

The Business Continuity Plan covers natural and manmade disasters.

Electronic files are backed up daily and archived offsite.

#### Alternate Offices

An alternate office has been identified to support ongoing operations in the event the main office is unavailable. It is our intention to contact you within five days of a disaster that dictates moving our office to an alternate location.

### Information Security Program

We maintain an information security program to reduce the risk that your personal and confidential information may be breached.

### Privacy Notice

We are committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us. The categories of nonpublic information that we collect from you may include information about your personal finances, information about your health to the extent that it is needed for the financial planning process, information about transactions between you and third parties, and information from consumer reporting agencies, e.g., credit reports. We use this information to help you meet your personal financial goals.

With your permission, we disclose limited information to attorneys, accountants, and mortgage lenders with whom you have established a relationship. You may opt out from our sharing information with these nonaffiliated third parties by notifying us at any time by telephone, mail, fax, email, or in person. With your permission, we share a limited amount of information about you with your brokerage firm in order to execute securities transactions on your behalf.

We maintain a secure office to ensure that your information is not placed at unreasonable risk. We employ a firewall barrier, secure data encryption techniques and authentication procedures in our computer environment.

We do not provide your personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our Company records and your personal records as permitted by law.

Personally identifiable information about you will be maintained while you are a client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, the information will be destroyed.

We will notify you in advance if our privacy policy is expected to change. We are required by law to deliver our Privacy Policy to you annually, in writing.

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

**Evart, Young & Hobbs Investment Management  
3 Lagoon Drive, Suite 155  
Redwood City, CA 94065**

**PHONE  
650-802-0342**

**FAX  
650-745-0659**

**WEBSITE  
[www.eyhadvisers.com](http://www.eyhadvisers.com)**

**EMAIL  
[derek@eyhadvisers.com](mailto:derek@eyhadvisers.com)**

**This brochure supplement provides information about Rosalee S. Young, Derek M. Hobbs, and Carlos A. Perez that supplements the Evart, Young & Hobbs brochure. You should have received a copy of that brochure. Please contact us if you did not receive Evart, Young & Hobbs brochure or if you have any questions about the contents of this supplement.**

**Additional information about Rosalee S. Young, Derek M. Hobbs, and Carlos A. Perez is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)**

**DATE  
September 11, 2020**



## Education and Business Standards

We require that advisors in our employ have a bachelor's degree. Examples of acceptable coursework include: an MBA, a CFP®, a CFA, a ChFC, JD, CTFA, EA or CPA. Additionally, advisors must have work experience that demonstrates their aptitude for investment management.

## Professional Certifications

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

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

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

## **Rosalee S. Young, CFP**

### **Item 2. Educational Background and Business Experience:**

Year of birth: 1945

Marycrest College; Davenport, IA; BA; 1967

Rosalee began her career with EY&H in 1989. She became president of the firm in 1998 and continues to work closely with clients, as well as managing portfolios. As a CFP since 1994, she oversees investment strategies, paying close attention to tax issues.

### **Item 3. Disciplinary Information:**

None

### **Item 4. Other Business Activities:**

None

### **Item 5. Additional Compensation:**

None

### **Item 6. Supervision:**

Rosalee Young is the President and Chief Compliance Officer. As such, Rosalee Young is responsible for all advice provided to clients.

## **Derek M. Hobbs, MBA**

### **Item 2. Educational Background and Business Experience:**

Year of birth: 1963

University of California; Berkeley; BS Political Economics; 1986

California State University; Hayward; MBA; 1998

Prior to joining EY&H in 1998, Derek started his career with John Hancock Financial Services as an investment planner in 1987. He later became a budget analyst for Lifetouch NSS for seven years.

At EY&H he oversees the investment research for the firm and is actively involved in the investment strategy for client portfolios.

### **Item 3. Disciplinary Information:**

None

### **Item 4. Other Business Activities:**

None

### **Item 5. Additional Compensation:**

None

### **Item 6. Supervision:**

Derek Hobbs is supervised by Rosalee Young, President. She reviews Derek Hobbs' work through frequent office interactions as well as remote interactions. She also reviews Derek Hobbs' activities through our client relationship management system.

SUPERVISOR'S contact information:

PHONE: 650-802-0342

EMAIL: Rosalee Young (ro@eyhadvisers.com)

## **Carlos A. Perez, MBA**

### **Item 2. Educational Background and Business Experience:**

Year of birth: 1963

University of California – Davis; BS Degree- Economics & Statistics; 1984

Harvard University; MBA; 1989

Carlos has thirty-five years investment management experience. Equity Market/ Manager Analyst, RCB Inc. and Portfolio analyst for \$688 million corporate pension plan. He authored papers on *Portfolio Insurance*, *Incentive Fees*, and *Quantitative Portfolio Management*.

### **Item 3. Disciplinary Information:**

None

### **Item 4. Other Business Activities:**

None

### **Item 5. Additional Compensation:**

None

### **Item 6. Supervision:**

Carlos Perez is supervised by Rosalee Young, President. She reviews Carlos Perez' work through frequent office interactions as well as remote interactions. She also reviews Carlos Perez' activities through our client relationship management system.

SUPERVISOR'S contact information:

PHONE: 650-802-0342

EMAIL: Rosalee Young (ro@eyhadvisers.com)