



Investment Advisor Brochure  
Form ADV Part 2A  
Disclosure Statement

Pin Oak Investment Advisors, Inc.

SEC File Number: 801 – 35858

March 31, 2021

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This brochure provides information about the qualifications and business practices of Pin Oak Investment Advisors, Inc. If you have any questions about the contents of this brochure, please contact Pin Oak at 713-871-8300. The information in this brochure has not been approved or verified by the United States Securities Exchange Commission or by any state securities authority, nor does registration imply a certain level of skill or training. Additional information about Pin Oak Investment Advisors is also available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov). Contact: Barrett Rouse, President.

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March 31, 2021

Dear Client,

We are pleased to provide you with our Investment Advisor Brochure which is also known as Part 2A of our firm's SEC form ADV. It contains important information about our business practices. This brochure applies to the investment activities of Pin Oak Investment Advisors, Inc. and its various associated products and services.

We are providing this material in accordance with Rule 204-3 of the Investment Advisors Act of 1940 and according to the requirements for content and format under SEC guidelines. Changes since our last update in March 2018 include: minor revisions to improve precision of language, and updated asset values. Future updates to this brochure may be obtained by written request to the address on the cover page or via the SEC web page at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

This brochure is intended for clients whose accounts are serviced by Pin Oak Investment Advisors. Thank you for choosing Pin Oak.

Respectfully yours,

Barrett Rouse  
President

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#### Item 4 - Advisory Business Summary

- A. Pin Oak Investment Advisors, Inc. (the “Company”) is an investment advisor headquartered in Houston, TX. It is a client-centered firm founded by Barrett Rouse, its principal owner, in 1989.
- B. Investment Management Services - The Company provides discretionary investment services to its clients based on the individual circumstances of each client. The Company also offers financial planning, alternative investments, and general consulting services. Investment solutions will include a combination of the following:
- Individual stocks
  - Corporate bonds (investment grade and/or high yield)
  - Municipal bonds
  - Mutual Funds (open-ended funds, closed-end funds, and interval funds)
  - United States Government Securities
  - Private Placements and interests in limited partnerships
  - Certificates of Deposit
  - Cash and/or money market funds
  - Options (occasional, limited use in unique circumstances)
  - Foreign Securities

The Company may invest in other types of securities not listed above and often excludes certain securities or security types per client request, our view of the markets, or based on client’s individual situation or eligibility.

Financial Planning and Consulting - The Company offers financial planning and general consulting services on a fee for service basis as described below (see Item 5). These are normally included at no cost for investment advisory clients. Whether to charge a fee is based upon complexity.

The Company often makes referrals for services of other professionals like attorneys, accountants, insurance agents, lenders, bankers, etc. when warranted and does not accept compensation for such a referral. The client is not obligated to act upon a referral and has sole authority in all such third-party professional relationships. Clients are encouraged to investigate and determine on their own whether to accept any such recommendation.

Pin Oak Premier Select - The Company serves as investment manager and general partner to Pin Oak Premier Select Fund, LP (POPS), a Delaware limited partnership. POPS is offered to eligible clients by means of private placement memoranda. The Company manages POPS in accordance with the investment objectives and policies set forth in the offering memorandum.

The primary objective of POPS is to preserve and grow capital through opportunistic investments in some combination of private hedge funds, public securities, and/or other private securities to a lesser extent. The Company often recommends that an eligible client invest in POPS as a part of their investment portfolio. Subscribing to POPS occurs only on a non-discretionary basis. Clients are not obligated to invest in POPS, nor are other services conditional upon their participation in POPS. A comprehensive set of terms, conditions and costs for investing in POPS is described in the fund's offering memorandum and subscription documents. POPS investors may withdraw all or part of their capital account balance at the end of each calendar quarter if they have held their investment for at least one year and have provided 90 days advanced notice.

Private investment funds (like POPS) involve risks that are disclosed in the private placement documents. Among these risk factors are limited liquidity, the potential for significant loss of capital, decreased transparency versus public securities, and a lack of daily pricing on the underlying investments. POPS is not appropriate for all clients nor will all clients be eligible for an investment in POPS. Clients choosing to invest in POPS must be willing to accept these factors.

JBR Real Estate Funds, Pin Oak Real Estate Funds, and Pin Oak Opportunity Funds - The Company serves as investment manager and the Company's principal serves as managing member of a series of private funds (PF's). Each is structured as a Texas limited liability company or limited partnership. Private funds are offered to suitable, eligible clients. PF investments are managed in accordance with the investment objectives and policies set forth in their respective offering documents.

Generally, the objective of each PF is to invest in real estate opportunities, private operating companies or limited partnership interests as set forth in its offering documents. The Company often recommends that a qualified client invest in a PF as a part of their investment portfolio. Such investments will only be made on a non-discretionary basis. Clients are not obligated to invest in private investments, nor are other services conditional upon their participation in such; the exception being the future potential for co-investment opportunities, if made available, would only be available to limited partners.

A comprehensive set of terms and conditions for investing in PF's is described in the respective fund's subscription documents or private placement memoranda, including the anticipated term of the investment, costs, and limitations on withdrawal of invested funds. Also disclosed therein are some of the risks involved in private investment funds (like PF's). Among these risk factors are limited liquidity, the potential for significant loss of capital, decreased transparency versus public securities, potential "cash drag" as it often takes time to get committed funds invested, and a lack of daily pricing on the underlying investments. Thus, PF investments are not appropriate for all clients nor will all clients be eligible for an

investment in a PF. Clients choosing to invest in PF's must be willing to accept these factors.

Pin Oak Alternative Income Fund - The Company serves as investment manager and general partner to Pin Oak Alternative Income Fund, LP (POAIF), a Delaware limited partnership. POAIF is offered to eligible clients by means of private placement memoranda. The Company manages POAIF in accordance with the investment objectives and policies set forth in the offering memorandum.

Generally, the primary objective of POAIF is to preserve capital and provide income through opportunistic investments in private and public funds and securities. It seeks to achieve its investment objectives by primarily targeting non-traditional income opportunities. The Company may recommend that a qualified client invest in POAIF as a part of their investment portfolio. Such investments will only be made on a non-discretionary basis. Clients are not obligated to invest in private investments, nor are other services conditional upon their participation in such; the exception being the future potential for co-investment opportunities, if made available, would only be available to limited partners. A comprehensive set of terms, conditions and costs for investing in POAIF are described in the fund's offering memorandum and subscription documents. Investors can elect to have earnings distributed quarterly or re-invested subject to the general partner's discretion, and after 2 years may make withdrawals of contributed capital subject to the terms presented in the offering memorandum and subscription documents.

Private investment funds (like POAIF) involve additional risks that are disclosed in the private placement documents. Among these risk factors are limited liquidity, the potential for significant loss of capital, decreased transparency versus public securities, potential "cash drag" as it often takes time to get committed funds invested, and a lack of daily pricing on the underlying investments. Not all clients will be eligible for an investment in POAIF. Clients choosing to invest in POAIF must be willing to accept these factors.

Managed Account Program - The company does not currently offer separately managed account programs (also known as "SMA" programs.)

- C. The Company tailors its investment advisory services to the needs of its clients. Before advising a client, an advisor representative will speak with the client to determine their needs, objectives and circumstances before advising them in a manner consistent with that discovery. The Company may exclude certain securities or types of securities per a client's request.
- D. The Company does not participate in wrap fee programs.

- E. The Company has approximately \$490,000,000 in assets under management on a discretionary basis and \$0 in assets under management on a non-discretionary basis as of December 31, 2020.

## Item 5 - Fees and Compensation

- A. Management Fees - The Company provides its traditional investment management services on a fee basis. That fee is an annual fee (divided and charged quarterly in arrears) calculated on a percentage of the market value of the assets managed for the client or family. It is based upon one of the schedules below. Excluded from this calculation are assets where the Company receives fees for managing the investment, itself; fees for these funds are set forth in their respective offering documents.

- a. Standard investment management fee:

Market Value of Portfolio	Annual Fee (%)
First \$500,000	1.25%
\$500,000 - \$3 Million	1.0%
\$3 Million - \$6 Million	0.8%
Over \$6 Million	0.6%

\* There is an annual administration fee of \$250.

- b. Premium services investment management fee:

Market Value of Portfolio	Annual Fee (%)
First \$500,000	1.50%
\$500,000 - \$3 Million	1.25%
\$3 Million - \$6 Million	1.0%
Over \$6 Million	0.85%

The Company's annual fees include investment management services on the enrolled assets. The Company may also furnish advice to a client on matters not involving securities, offer financial planning services to its clients, and provide general consulting services for its clients upon request. In most circumstances, these services are provided to the Company's clients without charge. In the event such services require an inordinate amount of time, as

determined by the Company, a negotiated fixed fee or hourly fee will be charged as described below under “Fee for Service.”

Performance-Based Fees – see Item 6

Fee for Service - The Company may also choose to furnish stand-alone financial planning services and general consulting services on a fee for service basis. Such fees would be anticipated to generally range from \$1000 to \$5000 on a fixed fee basis, or from \$150 to \$300 on an hourly rate basis, depending on the nature and complexity of the services provided. Specific terms of any stand-alone service will be established in advance and agreed upon in writing. Financial planning clients are billed when the financial plan is presented to the client. Fees are due and payable upon the receipt of the bill. A retainer fee may be required at the outset of such an engagement.

- B. Traditional asset management fees are normally deducted pro-rata directly from the respective accounts by the custodian of the assets and are then remitted to the Company. Where this is not possible, the Company will bill the client directly. Billing is conducted quarterly after the end of each quarter, calculated based on the market value on the last business day of the quarter after adjustment for asset flows exceeding a threshold set by the Company.
- C. The Company reserves the right to deviate from the stated fee schedules. If the deviation results in a higher fee, then it must have been agreed upon in advance by both the Company and the client. The most frequent use of this right is regarding fees on uninvested cash balances. The stated schedule applies to new clients. The Company continues to honor prior schedules as they applied to earlier clients, and where it deems appropriate does have clients who pay fees on a negotiated schedule that have been agreed to by both parties.
- D. Charges by third parties or broker-dealers are not included in the Company’s fee. Most commonly these are comprised of brokerage costs, commissions, transaction fees, mutual fund fees or custodian fees. The Company can sometimes help reduce these expenses by aggregation of orders or negotiating with the provider. The Company does not receive a share of these brokerage charges.
- E. The Company charges fees at the end of each quarter after they are earned. If the advisory contract is properly terminated before the end of the billing period, only the pro-rata portion will be charged based on the number of days services were provided. Since management fees and any profit-based allocation charged to an investor’s account are charged in arrears, they are not refundable unless billed in error.



- F. When Pin Oak receives compensation as manager of a fund, that compensation will be in lieu of the fee indicated by the traditional investment fee schedule and will be set and governed by the respective fund documents. Private funds are normally more expensive than publicly traded securities.

#### **Item 6 - Performance-Based Fees**

The Company offers performance-based fee arrangements for clients who are eligible and request it. To qualify for a performance-based fee arrangement, a client must either demonstrate a net worth of at least \$2,100,000 or must have at least \$1,000,000 under management immediately after entering into a management agreement with us (or according to the most current regulations as updated.) Performance-based fees will only be charged in accordance with the provisions of Rule 205-3 of the Investment Advisors Act of 1940 and/or applicable state regulations. The fees will not be offered to any client where prohibited by law. For qualified clients who prefer a performance-based fee structure rather than a fixed-rate fee, Pin Oak offers alternate fee arrangements as follows:

##### *Alternative Fee Schedule #1: Hybrid Fee*

For qualified clients opting for the Hybrid Fee schedule, the Company receives management fees of 0.1% of the client's account balance at the end of each quarter. The Company also receives a profits-based allocation equal to 15% of the portfolio's total return subject to a high water-mark. These fees are in place of, not in addition to, the asset-based fee detailed in Item 5. The high-water mark is not adjusted for management fees, meaning the previous performance fees must be recouped by the portfolio before additional fees are accrued.

##### *Alternative Fee Schedule #2: Performance fee*

For qualified clients opting for the Performance Fee, the Company receives a quarterly profits-based allocation equal to 25% of the portfolio's total return subject to a high water-mark. This fee is in place of, not in addition to, the asset-based fee detailed in Item 5. This fee schedule has no fixed fee component. The high-water mark is not adjusted for management fees, meaning the portfolio total return must first recover the previous management fees before additional fees are accrued.

##### *Fee Schedules for Pooled Investment Vehicles*

POPS, PF's, and POAIF (described in Item 4 above) are examples of Pooled Investment Vehicles (PIV's) and are only offered to eligible clients. Fees on PIV's managed by the Company are charged fees as set forth in their respective subscription documents, offering memorandum, or similar document. These fees are in place of, not in addition to, the traditional investment management fees detailed in Item 5 or performance fees previously detailed in Item 6. Fees on PIV's include some combination of performance-based fees, origination fees, and annual management fees.

Clients should be aware that performance-based and varied fee arrangements create an incentive to recommend investments which could be riskier, more speculative, or even more conservative than those which would be recommended under a different fee arrangement. PIV's are generally more expensive to manage than traditional assets. Furthermore, since not all clients participate in an identical fee structure, a case could be made this results in an incentive to favor or disfavor accounts that pay higher or lower fees. The Company has striven to mitigate this conflict by setting the fee structures at levels that are not arbitrary, but are intended to be consistent with the increased risk of periods of lost revenue to the Company (in the case of performance fees), or with the level of input required in terms of time, energy, and expense for the service rendered. This cannot be perfectly mitigated so a conflict of interest does exist.

*Fee Schedules for SMA's*

The Company does not currently manage SMA's.

**Item 7 - Types of Clients**

The Company provides investment advice for clients with a preferred minimum of \$1,000,000. The Company's clients generally include the following:

- Individuals
- Retirement plans
- Trusts
- Estates
- Charitable organizations
- Family Limited Partnerships
- Private and Pooled Asset Funds
- Business entities

The Company's minimum dollar amount for new clients can be raised or lowered at the sole discretion of the Company and is currently \$1 million. Minimums for SMA's (if offered) will vary based upon the strategy size, and terms negotiated by the sponsoring platform, the intermediary or third-party advisor.

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

**A. Methods of Analysis -**

The Company uses primarily fundamental and cyclical analysis to choose securities for investment. Fundamental analysis is a method of security evaluation that attempts to determine a security's value by focusing on a company's current business and forecasted future prospects. The goal is to identify investments priced lower than the Company believes they should be, where there is also anticipated to be a catalyst for their continued growth or for the price to reconcile to the perceived value. Cyclical analysis is the observation of trends in economic and market cycles, and then using these observations to inform and influence our expectations. These expectations then influence our decision-

making as we adapt for the risk and opportunities of the current and anticipated investment environment.

The Company primarily uses a strategy of Long Term Purchases (where securities are held at least one year.) The Company retains the right to utilize Short Term Purchases, Short Sales, Margin Transactions, and Options strategies as warranted and authorized.

- B. While the Company's methods of analysis and investment strategies do not present any unusual risks, every method of analysis has inherent risks. Our securities analysis methods rely on the assumption that companies, rating agencies, and other publicly available sources of information provide accurate data. There is the possibility for our analysis to be compromised by inaccurate or misleading information. There are also no assurances that our expectations will be correct or will lead to the desired results.

The Company's primary investment strategy - Long Term Purchases - is a fundamental investment strategy. As the name suggests, longer term investment strategies require longer time horizons, and accurate longer-term forecasts can be challenging to achieve.

The Company does not primarily recommend a single type of security, instead opting for a diversified investment approach that is flexible enough to utilize various equities, bonds, mutual funds and/or exchange traded funds, and private investment vehicles.

#### **Item 9 - Disciplinary Information**

The Company has no reportable disciplinary events to disclose.

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

- A. Neither the Company nor its management persons are registered or have an application pending to register as a: broker-dealer, a registered representative of a broker-dealer, a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.
- B. Pooled Investment Vehicles (PIV's) – As disclosed above, the Company or its principal serves as investment manager, general partner, and/or managing member to private pooled investment vehicles: Pin Oak Premier Select (POPS), JBR Real Estate Funds, Pin Oak Real Estate and Opportunity Funds (PF's), and Pin Oak Alternative Income Fund (POAIF). The Company and its affiliates have financial interests in these PIV's, and maintain significant investments in them.
- C. The Company does not receive compensation directly or indirectly from other investment advisors or unrelated third parties that it recommends or selects for clients.

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

- A. The Company has adopted a written Code of Ethics designed to address potential conflicts of interest. That code contains the Company's policies and procedures regarding its activities and its employees. The code is also intended to avoid abuse of the Company's position of trust and responsibility toward its clients, as well prevent misuse of material non-public information. A copy of the code is available to any client or prospective client on request.
- B. As disclosed above, the Company or its principal serves as investment manager, general partner, and/or managing member to private pooled investment vehicles: Pin Oak Premier Select (POPS), JBR Real Estate Funds and Pin Oak Real Estate and Opportunity Funds (PF's), and Pin Oak Alternative Income Fund (POAIF). The Company and its affiliates have financial interests in these PIV's, are compensated for assets invested in the funds, and the related investments maintained in them may be significant. This introduces a conflict of interest as described above in Item 6. Alongside the potential conflict, it also results in an alignment of interests as the related parties' investment values rise and fall alongside those of the clients'.

These PIV's reserve the right to co-invest with third parties or otherwise participate in pooled investment vehicles with others if the Company determines that such investments or arrangements are beneficial.

Participants in other PIV's or affiliates of the Company can manage or have direct investments in these pooled investments as well. When PIV's invest in entities to which its partners serve as board members, officers, employees, or direct investors, these relationships can create a real or perceived conflict of interest between the Company and its clients. Potential conflicts of interest are mitigated by the fact that these investors do not receive any fees or compensation from the PIV's other than what is determined to be reasonable compensation for services rendered, when relevant. In transactions involving several related parties, the Company acknowledges it is still possible for there to be a real or perceived conflict of interest. An example of the circumstances described here would be where an employee of an entity into which a PIV invests, becomes/is an investor in the same or another PIV. Another would be where a service provider, such as a real estate agent, receives compensation for their services, some of which is delivered as an interest in the PIV, making them both a provider of services and an investor. In the latter, the Company views this as desirable, solidifying the alignment between the provider's self-interest and that of the other investors.

- C. The Company and its related persons sometimes buy or sell securities the Company also recommends for clients. The securities the Company purchases and sells usually trade enough volume that the Company does not reasonably expect its orders for itself or its

related persons to have a noticeable impact on the price of the securities. Nonetheless, the Company and its related persons do not place orders for themselves ahead of client orders, nor are their investments in those securities inconsistent with the advice the Company provides to clients. The Company has a written policy in place to monitor transactions of its related persons to identify and avoid abusive practices such as front-running and scalping which could negatively impact the value of a client's investments.

- D. The Company and its related persons sometimes buy or sell securities the Company also recommends for clients at or about the same time that the Company or its related persons buy or sell the same security. As mentioned above, the securities the Company purchases and sells usually trade enough volume that the Company does not reasonably expect its orders for itself or its related persons to have a noticeable impact on the price of the securities. Nonetheless, the Company and its related persons do not place orders for themselves ahead of client orders, nor are their investments in those securities inconsistent with the advice the Company provides to clients. Where reasonably practicable in such circumstances, related persons often participate in block orders alongside those of clients, receiving the same treatment. The Company has a written policy in place to monitor transactions of its related persons to identify and avoid abusive practices such as front-running and scalping which could negatively impact the value of a client's investments.

## **Item 12 - Brokerage Practices**

- A. The Company allows its clients to determine where to custody their assets, and as such must direct the Company as to which broker-dealer to use.

The Custodian and Brokers - The Company does not intentionally maintain direct custody of client assets although it may be deemed to have custody of client assets if granted authority to withdraw assets from an account (see *Item 15 – Custody*, below). It is the Company's desire to provide transparency and security by minimizing custody or deemed custody of client assets. Eligible assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. The Company may request that clients direct us to use Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, as the qualified custodian. The Company is independently owned and operated and is not affiliated with Schwab. The custodian will hold client assets in a brokerage account and buy and sell securities when instructed. While most of the Company's clients use Schwab, each will decide whether to do so and will open their own account with a custodian by entering into an account agreement directly with the custodian. The Company does not open the account for clients, but often assists in doing so. Even though the account is maintained at a particular custodian, depending on the policies of the custodian the Company can still use other brokers to execute trades for the account as described below (see "*Brokerage and Custody Costs*").

How Brokers/Custodians are Selected -The Company seeks to use a custodian/broker who will hold each client's assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. Considered are a wide range of factors, including, among others:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for each account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs], etc.)
- Availability of investment research and tools that assist in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, and stability
- Prior service to the Company and other clients
- Availability of other products and services, as discussed below

For clients' accounts that Schwab maintains:

Brokerage and Custody Costs - Schwab generally does not charge separately for custody services, other than for alternative investments, but is compensated by charging commissions or other fees on trades that it executes or that settle into a Schwab account. This commitment benefits clients because the overall fees may be lower than they would be otherwise. In addition to commissions, Schwab charges a flat dollar amount as a "prime broker" or "trade away" fee for each trade that is executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into a Schwab account. These fees are in addition to the commissions or other compensation paid to the executing broker-dealer. Because of this, to minimize trading costs, Schwab executes most trades for brokerage accounts. The Company has determined that having Schwab execute most trades is consistent with the duty to seek "best execution" of trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see "*How Select Brokers/Custodians are Selected*").

Products and Services Available From Schwab - Schwab Advisor Services™ is Schwab's business serving independent investment advisory firms. They provide the Company and its clients with access to its institutional brokerage— trading, custody, reporting, and related services—many of which are not typically available at the same level to Schwab retail customers. Schwab also makes available various support services. Some of those services help the Company manage or administer clients' accounts, while others help manage and grow the business. Schwab's support services generally are available on an unsolicited basis (The Company doesn't have to request them) and at no charge as long as clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. If clients collectively are less than \$10 million in assets at Schwab, Schwab may charge the Company quarterly service fees of \$1,200. Following is a more detailed description of Schwab's support services.

Services That Benefit 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 individual clients might not otherwise have access or that would require a significantly

higher minimum initial investment. These services are used to service all of the Company's clients and are not directly allocated based on which accounts generated revenues. Schwab's services described in this paragraph generally benefit clients and their accounts.

Services That May Not Directly Benefit Clients - Schwab also makes available other products and services that benefit the Company but may not directly benefit clients or their accounts. These products and services assist in managing and administering clients' accounts. They include investment research, both Schwab's own and that of third parties. Such Research may be used to service all or a substantial number of clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

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

Services That Generally Benefit Only The Company – Schwab also offers other services intended to help manage and further develop business enterprise. These services include:

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

Schwab provides some of these services itself. In other cases, it will arrange for third-party vendors to provide the services. 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 offer other benefits, and does so rarely, such as occasional business entertainment of our personnel. Examples of services used by the Company provided by or through brokers are:

- Trade execution
- Financial data
- Pricing data
- Access to analysts
- Written research (proprietary and third party)
- Portfolio management tools
- Industry guidance

Advisor Business Loan – Charles Schwab & Co., Inc. ("Schwab") provides a loan to the Company to assist its business operations, and the loan is guaranteed by James Barrett Rouse, principal of the Company. The terms of the loan require that management fees to the Company be paid to an account at Schwab for deduction of interest and principal payments on the loan before the Company may access such management fees. The loan agreement contains various representations and covenants by the Company, including, among others, that it will maintain at least \$200,000,000 in end client net assets held at



Schwab (“Assets Under Management at Schwab”), and that the Company will comply with all applicable laws, regulations, and agreements, and obtain all necessary licenses, consents and permits. Upon the occurrence and during the continuance of an event of default under the loan agreement, Schwab may terminate and/or accelerate the loan, which could have a material adverse effect on the Company’s ability to perform services for clients.

Some of the products, services and other benefits provided by Schwab, including the loan noted above, benefit the Company and may not benefit the Company’s client accounts. The Company’s recommendation that a client place assets in Schwab’s custody may be based in part on benefits Schwab provides to the Company, or the Company’s 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.

The Company places trades for its clients’ accounts subject to its duty to seek best execution and its other fiduciary duties. The Company may use broker-dealers other than Schwab to execute trades for client accounts maintained at Schwab, but this practice may result in additional costs to clients so that the Company is more likely to place trades through Schwab rather than other broker-dealers. Schwab’s execution quality may be different than other broker-dealers.

Interest in Schwab’s Services - The availability of these services from Schwab is a benefit because the Company does not have to produce or purchase them, nor pay for Schwab’s services so long as clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab. The \$10 million minimum may create an incentive to recommend that a client maintain an account with Schwab, based on an interest in receiving Schwab’s services that benefit the Company’s business rather than based on a client’s interest in receiving the best value in custody services and the most favorable execution of transactions. This is a potential conflict of interest. The Company has \$480 million in client assets under management and does not believe that collectively maintaining at least \$10 million of those assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest. The Company believes, however, that the selection of Schwab as custodian and broker is in the best interests of clients. This selection is primarily supported by the scope, quality, and price of Schwab’s services (see “*How Brokers/Custodians are Selected*”) and not Schwab’s services that benefit only the Company.

Brokerage Client Referrals - The Company receives client referrals from Charles Schwab & Co., Inc. (“Schwab”) through participation in their Schwab Advisor Network (“SAN”). SAN is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with the Company. Schwab does not supervise the Company and has no responsibility for the Company’s management of clients’ portfolios or other advice or services. The Company pays Schwab fees to receive client referrals through SAN. Participation in SAN may raise the potential for conflicts of interest discussed below.

The Company pays Schwab a fee on all referred client accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all referred accounts that are



maintained at, or transferred to another custodian. The Participation Fee paid by the Company is a percentage of the value of the assets in the client's account. This fee is paid to Schwab for so long as the referred client's account remains in custody at Schwab. The Participation Fees are billed to the Company quarterly and may be increased, decreased or waived by Schwab from time to time. This fee is paid by the Company and not by the client. The Company charges clients referred through SAN a fee that is no higher than similar clients not referred through SAN.

The Company pays Schwab a Non-Schwab Custody Fee if a referred client's account is not maintained at or is transferred from Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. This only applies if the decision to move the assets was not solely the client's decision. This Non-Schwab Custody Fee would be paid by the Company, not the client, and is a one-time fee. This fee is greater than the Participation Fee that the Company would normally pay in a full year, so the Company has only a short-term disincentive from recommending a client move their assets from Schwab.

The Participation and Non-Schwab Custody Fees are based on the amount of assets in accounts of clients of the Company who were referred by Schwab and those referred clients' family members living in the same household. Thus, the Company may have incentives to encourage household members of clients referred through SAN to maintain custody of their accounts at Schwab.

For clients' accounts at any custodian

- B. The Company frequently aggregates clients' trades when placing an order for the same security for multiple clients at the same time who use the same custodian. This means the Company places a single order for all the shares which are then properly allocated among the individual accounts. When possible, this may reduce the total cost for clients. The per-share price will be averaged and allocated among the accounts proportionately.

**Item 13 - Review of Accounts**

- A. The Company's representatives review client accounts on an ongoing basis and recommend an audience with each client as warranted or desired to review the portfolio. Portfolio reviews include an examination of the portfolio's diversification and the composition of the individual holdings that comprise it. This includes a judgment as to the appropriateness of the portfolio for the client's objectives and circumstances as most recently conveyed to the Company's representative by the client. It is the client's responsibility to notify the Company's representative if there are any material changes in their circumstances.
- B. The frequency of reviews is affected by the strategy being used, market conditions, client preference, and triggering events in a portfolio. Securities the Company recommends are

monitored as to news, price changes, change in fundamentals and any other material changes in the security. Changes in a security or changes in the Company's outlook on a security may trigger a review of the client portfolios. A few examples of events that could trigger a portfolio review by a representative or analyst are:

- News on an investment the Company recommended
- Significant price movement
- Abrupt and notable price movement of a security
- A change in expectations for the market
- A change in expectations or the direction of interest rates
- A notable newsworthy event
- A change in law or political climate
- An event or news regarding a debt issuer
- A change in client goals or circumstances

- C. In addition to the account statements issued directly to clients by the custodian(s) of the assets, the Company issues portfolio summaries detailing the clients' holdings upon request or when warranted, and occasionally may issue commentary on the market.

#### **Item 14 - Client Referrals and Other Compensation**

- A. The Company receives an economic benefit from Schwab in the form of support products and services it makes available to independent investment advisors whose clients maintain their accounts at Schwab. These products and services, how they benefit advisors, and the related conflicts of interest are described above (see Item 12). The availability of Schwab's products and services is not based on the Company giving any particular investment advice, such as buying any particular securities, or securities affiliated with Schwab, for clients.

As stated above, the Company receives client referrals from Charles Schwab & Co., Inc. ("Schwab") through their Schwab Advisor Network ("SAN"). SAN is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with the Company, which pays Schwab fees to receive client referrals through SAN. The Company's clients do not pay more for investments transactions or assets maintained at Schwab as a result of this arrangement. The clients do not pay more to the Company under this arrangement than would any similar client of the Company that was not referred via SAN. There is no commitment or enticement for the Company to invest any specific amount or percentage of client assets in any particular securities, funds or other investment vehicles as a result of participation in this program.

The support and services received by the Company from Schwab are the same for clients custodied at Schwab regardless of whether they were referred via SAN.

- B. The Company and its associated PIV's reserve the right to elect to pay a fee on referrals from others who are properly registered with the state, and who do so according to applicable laws and regulations. In such a circumstance the fee would be paid by the Company or the PIV and not by the client.

#### **Item 15 - Custody**

Under government regulations, the Company is deemed to have custody of client assets if, for example, a client authorizes the Company to instruct Schwab (or respective broker-dealer) to deduct advisory fees directly from an account or when acting in the capacity of general partner of a private investment vehicle. Schwab (or the respective broker dealer) maintains actual custody of brokerage assets held on account there. Clients will receive account statements directly from the custodian at least quarterly. These will be sent to the email or postal mailing address provided them by the client. Clients should carefully review those statements promptly when received. Clients are also urged to compare account statements to any portfolio reports received from the Company. Additionally, the Company may be deemed to have custody of assets invested in a vehicle managed by the company or its related person, such as the PIV's earlier discussed.

#### **Item 16 - Investment Discretion**

The Company exercises discretionary authority to manage publicly traded securities accounts on behalf of its clients. To provide this authority, the client signs an Investment Advisory Agreement and a Limited Power of Attorney granting the Company's representatives the ability to place trades and make inquiries on their behalf. Per request of a client, the Company can also assume limited withdrawal authority. This allows the Company to request funds be payable to and delivered directly to the client or directly to another account also owned by the same client. In both cases, the payee or receiving account must also be in the name of the client. The client may request to restrict, within reason, purchases or sales of specific securities or security types in their account.

#### **Item 17 - Voting Client Securities**

Proxy Voting Requirement – The Company's standard investment management agreement does not grant it authority to vote by proxy on clients' behalf. Unless delegated this authority in writing, each client maintains exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. The Company has accepted authority from many of its clients to vote by proxy for them when requested in writing. Clients are responsible for instructing each custodian of their assets where they should forward copies of all proxies and shareholder communications relating to the client's investment assets.

Proxy Voting Policy – The Company has a written policy for voting on behalf of clients who have requested this service. This Proxy Voting Policy helps ensure that client interests are served in the best way possible when voting by proxy for clients.

Requesting a copy of the Policy - To obtain a copy of our Proxy Voting Policy, send us a written request: 510 Bering, Suite 100, Houston, TX 77057

#### Issues on Which We Vote

The Company votes by proxy on these kinds of issues:

- Routine
  - Examples:*
    - o Election of officers
    - o Ratification of outside auditors
- Non-routine

In cases where the Company's total share holdings in the affected company are very small (less than or equal to one-half of one percent of shares outstanding), it will often opt to vote as recommend by the management of the company

In cases where the total holdings are not very small (greater than one-half of one percent of shares outstanding), the Company will vote as recommended by our Proxy Voting Policy.

Conflicts of Interest - Sometimes there may be a conflict of interest in voting by proxy.

*Example:* The Company agrees to vote by proxy about the securities of a certain company, yet some of the senior executives of that company are clients.

*Resolution:*

In this instance, the following are the steps we ordinarily take to resolve the issue:

- If we hold more than 0.5% of the outstanding shares of the company we vote according to the recommendations of our Proxy Voting Policy.
- If we hold less than 0.5% of the outstanding shares of the company we vote as recommended by the management of the company.

#### **Item 18 - Financial Information**

- A. The Company does not require or solicit prepayment of fees six months or more in advance.
- B. The Company is unaware of any condition that is reasonably likely to impair its ability to meet contractual commitments to clients.
- C. The Company has not been the subject of a bankruptcy petition.

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**Form ADV Part 2B – March 31, 2021**

**Item 1 – Barrett Rouse**

Pin Oak Investment Advisors, Inc.  
510 Bering, Suite 100  
Houston, TX 77057  
713-871-8300

This brochure supplement provides information about Barrett Rouse that supplements the Pin Oak Investment Advisors, Inc. brochure. You should have received a copy of that brochure. Please contact us at 713-871-8300 if you did not receive the Pin Oak Investment Advisor Inc.'s brochure or if you have any questions about the contents of this supplement. Additional information about Barrett Rouse is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2 – Educational Background and Business Experience**

Name:	Barrett Rouse
Education:	University of Texas at Austin, 1986 MBA University of Texas at Austin, 1984 BBA in Finance
Experience:	
1989 – Present:	Pin Oak Investment Advisors, Inc. President

**Item 3 – Disciplinary Information**

There are no disciplinary events to disclose.

**Item 4 – Other Business Activities**

There are no additional business activities to disclose.

**Item 5 – Additional Compensation**

There are no additional sources of compensation requiring disclosure.

**Item 6 – Supervision**

Not applicable.

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**Form ADV Part 2B – March 31, 2021**

**Item 1 – Dan Estes**

Pin Oak Investment Advisors, Inc.  
510 Bering, Suite 100  
Houston, TX 77057  
713-871-8300

This brochure supplement provides information about Dan Estes that supplements the Pin Oak Investment Advisors, Inc. brochure. You should have received a copy of that brochure. Please contact us at 713-871-8300 if you did not receive the Pin Oak Investment Advisor Inc.'s brochure or if you have any questions about the contents of this supplement. Additional information about Dan Estes is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2 – Educational Background and Business Experience**

Name:	Dan Estes
Education:	Rice University, 1994 BBA in Mathematical Economic Analysis, Policy Studies and Managerial Studies
Experience:	
August 2010 – Present:	Pin Oak Investment Advisors, Inc. Financial Advisor
February 2010 – August 2010:	Global Neuro-diagnostics Regional Account Manager
May 1998 – February 2010:	Charles Schwab & Co., Inc. V.P. Branch Manager, Financial Consultant
November 1994 – May 1998:	Olde Stockbrokers Regional Sales Supervisor, Registered Rep.

**Item 3 – Disciplinary Information**

There are no disciplinary events to disclose.

**Item 4 – Other Business Activities**

There are no additional business activities to disclose.

**Item 5 – Additional Compensation**

There are no additional sources of compensation requiring disclosure.

**Item 6 – Supervision**

All transactions are reviewed/confirmed daily and all securities recommended have been previously identified, researched and discussed prior to being considered for client portfolios. Dan Estes is supervised by:  
Barrett Rouse, President  
713-871-8300

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**Form ADV Part 2B – March 31, 2021**

**Item 1 – Nathan Norman**

Pin Oak Investment Advisors, Inc.  
510 Bering, Suite 100  
Houston, TX 77057  
713-871-8300

This brochure supplement provides information about Nathan Norman that supplements the Pin Oak Investment Advisors, Inc. brochure. You should have received a copy of that brochure. Please contact us at 713-871-8300 if you did not receive the Pin Oak Investment Advisor Inc.'s brochure or if you have any questions about the contents of this supplement. Additional information about Nathan Norman is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2 – Educational Background and Business Experience**

Name:	Nathan Norman
Education:	Baylor University, 2006 BBA in Finance and Real Estate
Experience:	
January 2011 – Present:	Pin Oak Investment Advisors, Inc. Director of Alternative Investments
August 2010 – December 2010:	AES Corp Analyst
August 2007 – August 2010:	Metronational Associate
June 2006 – August 2007:	Sterling Bank Capital Markets Analyst

**Item 3 – Disciplinary Information**

There are no disciplinary events to disclose.

**Item 4 – Other Business Activities**

There are no additional business activities to disclose.

**Item 5 – Additional Compensation**

There are no additional sources of compensation requiring disclosure.

**Item 6 – Supervision**

All transactions are reviewed/confirmed daily and all securities recommended have been previously identified, researched and discussed prior to being considered for client portfolios. Nathan Norman is supervised by:  
Barrett Rouse, President  
713-871-8300

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**Form ADV Part 2B – March 31, 2021**

**Item 1 – J. Scott Pappas**

Pin Oak Investment Advisors, Inc.  
510 Bering, Suite 100  
Houston, TX 77057  
713-871-8300

This brochure supplement provides information about J. Scott Pappas that supplements the Pin Oak Investment Advisors, Inc. brochure. You should have received a copy of that brochure. Please contact us at 713-871-8300 if you did not receive the Pin Oak Investment Advisor Inc.'s brochure or if you have any questions about the contents of this supplement. Additional information about J. Scott Pappas is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2 – Educational Background and Business Experience**

Name:	J. Scott Pappas
Education:	South Texas College of Law – Houston, 1996 Doctor of Law (J.D.) University of Nebraska – Lincoln, 1986 BBA in Finance
Experience:	
March 2017 – Present	Pin Oak Investment Advisors, Inc. Financial Advisor
November 2008 – March 2017	Morgan Stanley V.P. Financial Advisor
January 2003 – November 2008	UBS Financial Services V.P. Investments
December 1999 – January 2003	Merrill Lynch, Pierce, Fenner & Smith Financial Advisor

**Item 3 – Disciplinary Information**

There are no disciplinary events to disclose.

**Item 4 – Other Business Activities**

There are no additional business activities to disclose.

**Item 5 – Additional Compensation**

There are no additional sources of compensation requiring disclosure.

**Item 6 – Supervision**

All transactions are reviewed/confirmed daily and all securities recommended have been previously identified, researched and discussed prior to being considered for client portfolios. J. Scott Pappas is supervised by:  
Barrett Rouse, President  
713-871-8300