

Item 1 – Cover Page



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This brochure provides information about the qualifications and business practices of McBroom & Associates, LLC. If you have any questions about the contents of this brochure, please contact us at 702-267-6649. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about McBroom & Associates, LLC, is also available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by using our firm's unique IARD number of 151187.

Item 2 – Material Changes

McBroom & Associates has one material change to report since our last annual update to this firm brochure, which was on March 31, 2020. In March 2021, we applied for registration with the U.S. Securities and Exchange Commission ("SEC"). Once approved by the SEC we will withdraw our state registrations.

Consistent with the SEC rules, if any material changes occur, we ensure that you receive a summary of any material changes to this and subsequent brochures within 120 days of the close of our business' fiscal year. We will provide you with other interim disclosures about material changes as necessary.

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Item 4 – Advisory Business

McBroom & Associates, LLC, is a registered investment adviser with its principal place of business located in Las Vegas, Nevada. The firm was established as a registered investment adviser with the U.S. Securities and Exchange Commission ("SEC") on March 26, 2010. It subsequently changed its registration to the states of Nevada and California in June 2012. The firm reapplied with SEC in March of 2021. The firm is 100% owned by Martin W. McBroom, who is the President and Managing Member.

McBroom & Associates, LLC, serves as a discretionary, fee-based portfolio manager. We manage client portfolios directly, making the day-to-day decisions regarding asset allocation, securities selection, and the timing of purchases and sales.

Account management is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax consideration. Through personal discussions in which goals and objectives based on a client's particular circumstances are established. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. We also review and discuss a client's prior investment history, as well as family composition and background, as appropriate.

McBroom & Associates, LLC will offer clients the following types of Investments:

- 1) Equity Securities
 - a) Exchange-listed securities
 - b) Over-the-counter securities
 - c) Foreign securities traded on a US exchange (ADRs)
- 2) Exchange-traded funds or notes (ETF/ETN) that may or may not be long or short, and may or may not be leveraged, investing in
 - a) Stocks
 - b) Bonds
 - c) Commodities
- 3) Certificates of deposit (CDs)
- 4) Municipal Bonds
- 5) United States government/government agency securities
- 6) Money market mutual funds

Because some types of investments involve additional risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, risk tolerance, liquidity and suitability.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors. When mutual funds or other securities that have sales restrictions are transferred to the a client's account, McBroom & Associates, LLC may use its discretion to hold those securities rather than investment them.

As of February 9, 2021, McBroom & Associates, LLC manages approximately \$128,578,000 in discretionary assets.

Item 5 – Fees and Compensation

A minimum of \$3,000,000.00 of assets under management is required for this service.

This account size may be negotiable under certain circumstances. McBroom & Associates, LLC may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

Our annual fees for investment advisory services are based upon a percentage of assets under management, account size, and the types of investments as follows:

- 1% for equity and ETF investments
- 0.4% for fixed income (such as municipal bonds) investments
- 2% for accounts significantly below the minimum size

So, in summary, our fees are generally 1%, but can range from 0.4% to 2.0%

McBroom & Associates, LLC retains the right to negotiate an alternative fee schedule on a client-by-client basis depending on client circumstances. These include client complexity, anticipated future assets, related accounts, portfolio style, and account composition. The annual fee includes cash held in the account because we use cash as a position or investment category depending on market conditions.

The specific annual fee schedule is identified in the contract between the adviser and each client.

Discounts may be offered to family members and friends of associated persons of our firm.

We manage funds for clients under a contractual arrangement that mitigates conflicts of interest by charging a fee that captures management and administrative services collectively.

Our fees are billed quarterly, in advance, at the beginning of each calendar quarter based upon the custodian reported value of the client's account at the end of the previous quarter. Fees will be debited from the account in accordance with the client authorization in the client contract.

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

Client accounts are held at custodial firms such as Charles Schwab & Co., UBS and Deutsche Bank.

Neither McBroom & Associates, nor its representatives, have direct access to client funds.

A client agreement may be canceled at any time, by either party, for any reason upon receipt of oral or written notice. A client has the right to terminate a client agreement without fee or penalty within five (5) business days of acceptance of a client agreement. Upon termination of any account, any prepaid, unearned fees will be refunded at the next quarterly billing.

Pre-existing advisory clients are subject to our minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.

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

McBroom & Associates, LLC does not participate in any performance-based fees or side-by-side management.

Item 7 – Types of Clients

McBroom & Associates, LLC provides investment advice to individuals, trusts, estates, or charitable organizations, and corporations. The firm requires a minimum of \$3,000,000.00 of assets under management. However, the account size may be negotiable under certain circumstances. McBroom & Associates, LLC may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

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

A. Methods of Analysis and Investment Strategies

The McBroom & Associates, LLC's Methods of Analysis and Investment Strategies are value driven. The firm follows the principals of Benjamin Graham and David Dodd by examining the intrinsic value of an equity. As a result securities are purchased with the idea of holding them in the client's account for a year or longer.

McBroom & Associates, LLC starts with a Fundamental Analysis of all capital sizes of U.S. equities. Fundamental analysis is a technique that attempts to determine a security's value by focusing on

underlying factors that affect a company's *actual* business and its future prospects. The analysis is performed on historical and present data. The term refers to the analysis of the economic well-being of a financial entity as opposed to only its price movements. When using fundamental analysis McBroom & Associates, LLC looks for persistency of equity performance. Specifically, the equities should show statistically significant yearly increases in four key fundamental factors. Additionally, the equities should have a projected future price that is significantly higher.

We use the following sources when researching the equities:

- Financial newspapers and magazines
- Research from website, software and applications
- Inspections of corporate activities
- Research materials prepared by others
- Corporate rating services
- Annual reports, prospectuses, filings with the Securities and Exchange Commission; and
- Company press releases
- Analysis of crowd behavior from stock charts

B. Material Risks Related to Methods of Analysis and Investment Strategy

Fundamental Analysis Risk: The risk associated with fundamental analysis is that despite that appearance that a security is undervalued, it may not rise in value as predicted.

Individualized Strategy Risk: Account Management is guided by a client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax consideration. As described in Item 13, below, client accounts are regularly monitored. However, the client's circumstances may change effecting his/her risk tolerance, investment objectives or time horizon. Adjustments to a client's investment strategy can be made, but the client may fail to clearly communicate these changes to McBroom & Associates. Additionally, the client may face temporary, unexpected changes to his/her life that renders the current investment strategy inappropriate.

Long-Term Purchase Risk: A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

C. Risks Related to Investing in Securities

Clients should understand that investing in any securities involves a risk of loss of both income and principal. All investments bear different types and degrees of risk and **investing in securities involves risk of loss that clients should be prepared to bear.** Investors in securities face the following investment risks:

- **Stock market risk:** The chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising stock prices and periods of falling stock prices.
- **Interest rate risk:** Fluctuation in interest rates may cause investment process to fluctuate. For example: The chance that bond prices overall will decline because of rising interest rates.
- **Manager risk:** The chance that the proportions allocated to the various securities will cause the client's account to underperform relevant to benchmarks or other accounts with a similar investment objective.
- **Credit risk:** This is the risk that an issuer of a bond could suffer an adverse change in financial condition that results in a payment default, security downgrade, or inability to meet a financial obligation.

- **Inflation Risk:** This is the risk that inflation will undermine the performance of your investment and/or the future purchasing power of your assets.
- **Portfolio Concentration:** In certain situations, accounts may not be diversified among a wide range of types of securities, countries or industry sectors may have more volatility and could be considered to have more risk than accounts that are invested in a greater number of securities because changes in the value of a single security may have more of a significant effect, either negative or positive. Accordingly, portfolios are subject to more rapid changes in value than would be the case if client maintained a more diversified portfolio.
- **Liquidity Risk:** Liquidity risk exist when particular investments are difficult to purchase or sell, possibly preventing the ability to sell such illiquid securities at an advantageous time or price, or possibly requiring the client to dispose of other investments at unfavorable times or prices in order to satisfy its obligations.
- **International investing risk:** Investing in the securities of non-U.S. companies involves special risks not typically associated with investing in U.S. companies. Foreign securities tend to be more volatile and less liquid than investments in U.S. securities, and may lose value because of adverse political, social or economic developments overseas or due to changes in the exchange rates between foreign currencies and the U.S. dollar. In addition, foreign investments are subject to settlement practices, as well as regulatory and financial reporting standards, that differ from those of the U.S.
- **Currency Risk:** Investments in Non-U.S. Companies are subject to fluctuations in the value of the dollar against the currency of the investment's originating country.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events within the past 10-years that would be material to your evaluation of the Adviser or the integrity of its management.

McBroom & Associates has no information applicable to this Item because it has not been the subject of any administrative, civil, criminal, regulatory (SEC or State) or self-regulatory proceedings.

Item 10 – Other Financial Industry Activities and Affiliations

A. BROKER-DEALER AFFILIATIONS

McBroom & Associates, LLC is not affiliated with a broker-dealer. This section is not applicable.

B. FUTURES/COMMODITIES FIRM AFFILIATION

McBroom & Associates, LLC is not affiliated with a futures/commodities firm. This section is not applicable.

C. OTHER INDUSTRY AFFILIATIONS

McBroom & Associates, LLC does not have any other industry affiliations.

D. SELECTION AND MONITORING OF THIRD PARTY INVESTMENT ADVISERS

McBroom & Associates, LLC, does not select and monitor third party advisers for its clients.

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

A. DESCRIPTION

McBroom & Associates, LLC, has elected to adopt a Code of Ethics (the “Code”) that it and its associates will follow in dealing with their clients. The Code of Ethics is detailed below:

Code of Ethics and Professional Standards

McBroom & Associates, LLC adopted a Code of Ethics and Professional Standards (the “Code”) to help avoid prohibited acts and designed to eliminate potential conflicts of interest. The Code works in

conjunction with McBroom & Associates, LLC written Statement of Policy and Procedures (the “Statement”) designed to detect and prevent insider trading and to govern personal securities trading. Such statement, among other things, forbids any member or employee of McBroom & Associates, LLC from trading, either personally or on behalf of others on material non-public information or communicating material non-public information to others in violation of the law (i.e., insider trading). It also sets forth McBroom & Associates, LLC policy that clients' interests are always placed ahead of any personal interest. All employees are required to report their personal securities transactions to McBroom & Associates, LLC, designated supervisor on a periodic basis. McBroom & Associates, LLC believes that the Code and Statement designed to detect and prevent insider trading and to govern personal securities trading are appropriate to prevent or eliminate potential conflicts of interest situations between McBroom & Associates, LLC, its employees and members and McBroom & Associates, LLC clients. A copy of McBroom & Associates, LLC Code of Ethics is included below.

The Code of Ethics

- Act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets.
- Place the integrity of the investment profession and the interests of the clients above our own personal interests.
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities.
- Practice and encourage others to practice in a professional and ethical manner that will reflect credit on the profession and us.
- Promote the integrity of and uphold the rules governing capital markets.
- Maintain and improve our professional competence and strive to maintain and improve the competence of other investment professionals.

Standards of Professional Conduct

I. Professionalism

- a. **Knowledge of the Law.** “McBroom & Associates, LLC” and all directors, officers, partners, employees, and any other person who provides advice on behalf of McBroom & Associates, LLC (“Supervised Persons”) must understand and comply with all applicable laws, rules, and regulations of any government, regulatory organization, licensing agency, or professional association governing McBroom & Associates, LLC professional activities. In the event of conflict, McBroom & Associates, LLC and Supervised Persons must comply with the more strict law, rule, or regulation. McBroom & Associates, LLC and Supervised Persons must not knowingly participate or assist in and must dissociate from any violation of such laws, rules, or regulations.
- a. **Independence and Objectivity.** McBroom & Associates, LLC and Supervised Persons must use reasonable care and judgment to achieve and maintain independence and objectivity in their professional activities. We must not offer, solicit, or accept any gift, benefit, compensation, or consideration that reasonably could be expected to compromise our own or another's independence and objectivity.
- b. **Misrepresentation.** McBroom & Associates, LLC and Supervised Persons must not knowingly make any misrepresentations relating to investment analysis, recommendations, actions, or other professional activities.

Misconduct. McBroom & Associates, LLC and Supervised Persons must not engage in any professional conduct involving dishonesty, fraud, or deceit or commit any act that reflects adversely on their professional reputation, integrity, or competence.

II. Integrity of Capital Markets

- a. **Material Nonpublic Information.** McBroom & Associates, LLC and Supervised Persons who possess material nonpublic information that could affect the value of an investment must not act or cause others to act on the information.
- b. **Market Manipulation.** McBroom & Associates, LLC and Supervised Persons must not engage in practices that distort prices or artificially inflate trading volume with the intent to mislead market participants.

III. Duties to Clients

- a. **Loyalty, Prudence, and Care.** McBroom & Associates, LLC and Supervised Persons have a duty of loyalty to our clients and must act with reasonable care and exercise prudent judgment. We must act for the benefit of our clients and place our clients' interests before McBroom & Associates, LLC or their own interests.
- b. **Fair Dealing.** McBroom & Associates, LLC and Supervised Persons must deal fairly and objectively with all of our clients when providing investment analysis, making investment recommendations, taking investment action, or engaging in other professional activities.
- c. **Suitability.**
 - i. When McBroom & Associates, LLC and Supervised Persons are in an advisory relationship with a client, we must:
 - 1. Make a reasonable inquiry into a client's or prospective client's investment experience, risk and return objectives, and financial constraints prior to making any investment recommendation or taking investment action and must reassess and update this information regularly.
 - 2. Determine that an investment is suitable to the client's financial situation and consistent with the client's written objectives, mandates, and constraints before making an investment recommendation or taking investment action.
 - 3. Judge the suitability of investments in the context of the client's total portfolio.
 - ii. When McBroom & Associates, LLC and Supervised Persons are responsible for managing a portfolio to a specific mandate, strategy, or style, we must only make investment recommendations or take only investment actions that are, consistent with the stated objectives and constraints of the portfolio.
- d. **Performance Presentation.** When communicating investment performance information, McBroom & Associates, LLC and Supervised Persons must make reasonable efforts to ensure that it is fair, accurate and complete.
- e. **Preservation of Confidentiality.** McBroom & Associates, LLC and Supervised Persons must keep information about current, former, and prospective clients confidential unless
 - i. The information concerns illegal activities on the part of the client or prospective client,
 - ii. Disclosure is required by law, or the client or prospective client permits disclosure of the information.

IV. Duties to McBroom & Associates, LLC

- a. **Loyalty.** In matters related to their employment McBroom & Associates, LLC and Supervised Persons must act for the benefit of McBroom & Associates, LLC and not deprive the firm of the advantage of their skills and abilities divulge confidential information, or otherwise cause harm to McBroom & Associates, LLC.
- b. **Additional Compensation Arrangements.** Supervised Persons must not accept gifts, benefits, compensation, or consideration that competes with or might reasonably be

expected to create a conflict of interest with McBroom & Associates, LLC's interest unless they obtain written consent from all parties involved.

- c. **Responsibilities of Supervisors.** McBroom & Associates, LLC and Supervised Persons must make reasonable efforts to detect and prevent violations of applicable laws, rules, regulations, and the Code and Standards by anyone subject to their supervision or authority.

V. Investment Analysis, Recommendations, and Action

- a. **Diligence and Reasonable Basis.** McBroom & Associates and Supervised Persons must:
 - i. Exercise diligence, independence, and thoroughness in analyzing investments, making investment recommendations, and taking investment actions.
 - ii. Have a reasonable and adequate basis, supported by appropriate research and investigation, for any investment analysis, recommendation, or action.
- b. **Communication with Clients and Prospective Clients.** McBroom & Associates and Supervised Persons must:
 - i. Disclose to our clients and prospective clients the basic format and general principles of our investment processes used to analyze investments, select securities, and construct portfolios and must promptly disclose any changes that might materially affect those processes.
 - ii. Use reasonable judgment in identifying which factors are important to our investment analyses, recommendations, or actions and include those factors in communications with our clients and prospective clients.
- c. **Record Retention.** McBroom & Associates and Supervised Persons must develop and maintain appropriate records to support their investment analysis, recommendations, actions, and other investment-related communications with our clients and prospective clients.

VI. Conflicts of Interest

- a. **Disclosure of Conflicts.** McBroom & Associates and Supervised Persons must make full and fair disclosure of all matters that could reasonably be expected to impair their independence and objectivity or interfere with respective duties to our clients, prospective clients, and McBroom & Associates. We must ensure that such disclosures are prominent, are delivered in plain language, and communicate the relevant information effectively.
- b. **Priority of Transactions.** Investment transactions for our clients must have priority over investment transactions in which McBroom & Associates or a Supervised Person is the beneficial owner.
- c. **Referral Fees.** Supervised Persons must disclose to McBroom & Associates, our clients, and prospective clients, as appropriate, any compensation, consideration, or benefit received from or paid to others for the recommendation of products or service.

Cross Trading. The firm may execute cross trades on behalf of its clients. In a cross trade transaction, the firm receives no compensation other than its advisory fee. However, there is a conflict of interest because the firm is acting as an adviser for both the buyer and seller of the security. The firm addresses this conflict of interest by acting as a fiduciary for both clients. It also follows the following policies and procedures that address the conflict of interest. The firm shall not affect a cross trade for clients unless: it has determined that no client will be disfavored by cross trading; the trade is effected at a price determined by an independent pricing mechanism and such pricing mechanism is documented as to each cross trade, and in the case of cross trades involving one or

more client whose account contains employee benefit plan assets, no cross trade shall be effected without the pre-approval (in each instance) of the Chief Compliance Officer.

B. MATERIAL INTEREST IN SECURITIES

McBroom & Associates, LLC does not have a material interest in any securities.

C. INVESTING IN OR RECOMMENDING THE SAME SECURITIES

McBroom & Associates, LLC's staff is permitted to engage in personal securities transactions. These transactions create potential conflicts of interest if they were to trade in advance in a security that is owned by a client or considered for purchase or sale on behalf of a client. McBroom & Associates, LLC has adopted policies and procedures that are reasonably designed to effect transactions for the client in a manner consistent with the fiduciary duty owed to the firm's clients. McBroom & Associates, LLC's staff who buys or sells the same securities bought or sold for a client may do so only if they comply with the firm's written policies and procedures.

Item 12 – Brokerage Practices

A. RECOMMENDATION CRITERIA

When McBroom & Associates, LLC recommends brokers or custodians, it will seek broker dealers who offer competitive commissions costs together with reliable services. A client's choice of another broker-dealer is acceptable if proven feasible. McBroom & Associates, LLC recognizes its fiduciary responsibility in negotiating brokerage commissions, assuring best execution practices and assuring adequate investment availability/inventory on behalf of its clients. McBroom & Associates, LLC reasonably believes that Charles Schwab & Co., UBS and Deutsche Bank's blend of execution services, commission and transaction costs as well as professionalism allows the firm to seek best execution and competitive prices.

With the use of independent broker-dealers, a client may incur a ticket charge or sales commission for the sale or purchase of securities. McBroom & Associates, LLC does not receive any portion of the ticket charge or sales commission.

When referring clients to dealers, McBroom & Associates, LLC will only refer clients to dealers registered in states where the clients reside.

i. RESEARCH AND SOFT DOLLAR BENEFITS

"Soft dollars" are defined as a form of payment investment firms can use to pay for goods and services such as subscriptions or research. When an investment firm gives its business to a particular brokerage firm, the brokerage firm in return can agree to use some of its revenue to pay for these types of services. McBroom & Associates, LLC does not receive "soft dollars" from any vender, service provider or custodian in exchange for its placement of brokerage services. In the event McBroom & Associates, LLC receives "soft dollars" it will be used to service all client accounts.

ii. BROKERAGE FOR CLIENT REFERRALS

McBroom & Associates, LLC does not receive client referrals or any other incentive from any broker-dealer or custodian.

iii. DIRECTED BROKERAGE

Some clients may direct McBroom & Associates, LLC to a specific broker-dealer to execute securities transactions for their accounts. When so directed, McBroom & Associates, LLC may not be able to effectively negotiate lower brokerage commissions or achieve best execution on clients' transactions. This can result in substantially higher fees, charges or dealer concessions in one or more transactions for the clients' account because McBroom & Associates, LLC cannot negotiate favorable prices.

B. TRADE AGGREGATION

When trading multiple accounts for the same security, the Adviser may aggregate orders to a single block order against an average price account. The average price account will allocate proportionate shares to

each client's account.

Item 13 – Review of Accounts

Accounts are reviewed daily, in the aggregate, for changes in fundamental and technical factors that could influence the market price of individual securities. Individually, accounts are reviewed each week in terms of portfolio performance and the ability of each portfolio to meet the stated goals and objectives of each client. Formal reviews are conducted each quarter with each client, in person or by telephone, to coincide with quarterly performance reports. If necessary, reviews are conducted more frequently. Mr. McBroom is the sole reviewer.

Clients receive trade confirmations and monthly statements from the account custodian. From McBroom & Associates, LLC, they receive quarterly reports which include a portfolio summary, portfolio appraisal, schedule of realized capital gains and losses, performance history, and schedule of interest, dividends, and expenses. Reports may be customized depending on client needs.

Item 14 – Client Referrals and Other Compensation

McBroom & Associates, LLC does not have any arrangements which would cause the receipt of economic benefits providing investment advice or other advisory services to our clients. In addition, McBroom & Associates, LLC does not directly or indirectly compensate any person or entity for client referrals.

It is McBroom & Associates, LLC's policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

Item 15 – Custody

All client funds, securities and accounts are held at third-party custodians. McBroom & Associates, LLC does not take possession of a client's securities. However, the client will be asked to provide written authorization to McBroom & Associates, LLC allowing it with the ability to deduct fees directly from the client's account. This authorization will be to deduct the management fee only. The client's custodian shall also send at least a quarterly statement indicating the amount of fees withdrawn from the client's Account. McBroom & Associates, LLC urges each client to carefully review such statements.

Additionally, at times, McBroom & Associates, LLC assists some clients with the ability to move money from one account to another. In these situations, the client signs a standing letter of instruction ("SLOAs") with the custodian that grants McBroom & Associates, LLC the ability to facilitate the transfer. When the client's money is transferred between accounts with different titles, this is considered a limited from of custody. In 2017, the SEC issued a no-action letter ("Letter") with respect to the Rule 206(4)-2 ("Custody Rule") under the Investment Advisers Act of 1940 ("Advisers Act"). McBroom & Associates, LLC and the custodian, Charles Schwab & Co., Inc., follow the safeguards outlined in the letter. These safeguards include:

- The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
- The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization and provides a transfer of funds notice to the client promptly after each transfer.
- The client has the ability to terminate or change the instruction to the client's qualified custodian.
- The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.

- The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
- The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

Item 16 – Investment Discretion

In exercising its discretionary authority, the firm will normally determine (without consultation with its clients on a transaction by transaction basis):

- which securities are bought and sold for the account;
- the total amount of such purchases and sales and whether a client's transaction should be combined with those of other clients and traded as a "block"; and,
- The brokers or dealers through which transactions will be executed.

However, the firm's authority may be subject to conditions imposed by the client, examples of which include:

- where the client restricts or prohibits transactions in securities of specific industry; and,
- The client directs that transactions be effected through specific brokers, dealers, or custodian.

The latter restriction may be conditioned by the client paying transaction costs to a particular broker dealer. In any such situation, the client should consider whether, under the restriction, the commission expenses, execution, clearance and settlement capabilities, and whatever amount is regarded as allocable to custodian fees, if applicable, will be comparable to those otherwise obtainable. A client who designates the use of a particular broker or dealer should understand that the client may lose the possible advantage which non-designating clients may derive from the firm's aggregation of orders for the purchase or sale of a particular security.

Item 17 – Voting Client Securities

As negotiated with the client, McBroom & Associates, LLC may vote proxy for securities held in clients' accounts. In order to mitigate any conflicts of interest when voting proxies for clients, McBroom & Associates, LLC votes according what it believes to be in the best interest of the client. When McBroom & Associates, LLC does not have authority to vote client securities, clients will receive their proxies or other solicitations directly from the custodian or transfer agent. If a client has questions regarding a particular solicitation or would like to know how their proxies were voted, they can contact McBroom & Associates, LLC at 702-267-6649.

Item 18 – Financial Information

A. BALANCE SHEET

McBroom & Associates, LLC does not require or solicit prepayment of more than \$1200 in fees per client, six months or more in advance. Therefore, this section is not applicable.

B. FINANCIAL CONDITION

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about the Adviser's financial condition. McBroom & Associates, LLC has no financial commitment that impairs its ability to service its clients.

C. BANKRUPTCY

McBroom & Associates, LLC, its owners and its investment adviser representatives have not been the subject of a bankruptcy proceeding.