



**Part 2A of Form ADV: *Firm Brochure***

9303 New Trails Drive  
Suite 450  
The Woodlands, TX 77381

Telephone: 281-364-0606  
Email: [ch@iastexas.com](mailto:ch@iastexas.com)  
Web Address: [www.iastexas.com](http://www.iastexas.com)

06/30/2021

This brochure provides information about the qualifications and business practices of Investment Advisory Services, Inc. If you have any questions about the contents of this brochure, please contact us at 281-364-0606 or [ch@iastexas.com](mailto:ch@iastexas.com). 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 Investment Advisory Services, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our Firm's CRD number is 112486.

## **Item 2     Material Changes**

This Firm Brochure, dated 3/31/21, provides you with a summary of Investment Advisory Services, Inc.'s advisory services fees, professionals, certain business practices and policies, as well as actual or potential conflicts of interest, among other things. This brochure is used to provide our clients with a summary of new and/or updated information and any revision(s) based on the nature of the information as follows.

1. Annual Update: We are required to update certain information at least annually, within 90 days of our Firm's fiscal year end (FYE) of December 31.
2. Material Changes: Should a material change in our operations occur, depending on its nature we will promptly communicate this change to our clients (and it will be summarized in this Item). "Material changes" requiring prompt notification will include changes of ownership or control; location; disciplinary proceedings; significant changes to our advisory services or advisory affiliates – any information that is critical to a client's full understanding of who we are, how to find us, and how we do business.

Please note that there were no "material changes" made to this Brochure since our last delivery or posting of the Brochure on the SEC's public disclosure website (IAPD) [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

This Brochure does include a number of minor editorial changes and the updated information on our assets under management.

Currently, our Brochure may be requested free of charge by contacting CJ Haynes, Chief Compliance Officer.

### **Contact Information:**

CJ Haynes  
Chief Compliance Officer  
Email: [Ch@iastexas.com](mailto:Ch@iastexas.com)  
Phone: 281-364-0606  
Address: 9303 New Trails Drive, Suite 450  
The Woodlands, TX 77381

<b>Item 3</b>	<b>Table of Contents</b>	<b>Page</b>
Item 1	Cover Page	1
Item 2	Material Changes	2
Item 3	Table of Contents	3
Item 4	Advisory Business	4
Item 5	Fees and Compensation	5
Item 6	Performance Based Fees and Side By Side Management	8
Item 7	Types of Clients	8
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss	8
Item 9	Disciplinary Information	10
Item 10	Other Financial Industry Activities and Affiliations	10
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	10
Item 12	Brokerage Practices	11
Item 13	Review of Accounts	12
Item 14	Client Referrals and Other Compensation	12
Item 15	Custody	12
Item 16	Investment Discretion	13
Item 17	Voting Client Securities	13
Item 18	Financial Information	13

## Item 4 Advisory Business

Investment Advisory Services, Inc. (IAS) is a SEC registered investment adviser with its principal place of business located in The Woodlands, Texas. Investment Advisory Services, Inc. was started in 1994. John Lester Haynes is the founder and sole shareholder of IAS. Officers of the company are: John L. Haynes, Chairman; Henry A. Stevens, President; CJ Haynes, Chief Compliance Officer and Vice-President; Curt E. Beck, Secretary, Treasurer and Vice President, and Jason Henry, Vice President. Our Firm, as a Fiduciary, provides financial planning and investment advisory services on a consolidated fee-only basis to its clients

As part of our **team** approach, services are provided utilizing the expertise of **team members**, assuring our clients will have the opportunity of a long-term relationship with the advisors and the Firm.

Through personal discussions with you, we listen carefully to gain a thorough understanding of your unique goals and objectives based on your particular circumstances. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background. We work with you, utilizing various tools and conversations to determine the best approach for you. As part of the advisory process we work with each client to answer the following three questions: Where are you now? Where do you want to be? And, How do you get there?

We manage investment advisory accounts on a discretionary basis. Account management is guided by the client's stated objectives (i.e., capital preservation, current income, income and growth, or long term growth) as well as tax considerations. We will maintain a disciplined approach to rebalancing your portfolio to match your allocation within your risk tolerance levels. Your portfolio is designed and maintained with the goal of managing your risk to match your stage in life as well as maximize tax efficiency.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors by providing written instructions.

The **team** will work closely with clients to review any necessary changes to the portfolio based on the following:

- Change in financial situation
- Change in goals
- Change in risk tolerance
- Age

IAS also provides customized services to clients, as needed, to help the client with their overall financial picture, which may include:

- Ongoing discretionary investment management
- Periodic rebalancing
- Tax optimization and tax loss harvesting as applicable
- Collaboration with CPA and estate planning professionals
- Portfolio personalization, as applicable
- Financial planning as appropriate
- Assignment of a personal financial advisor or team
- Quarterly Reporting of holdings and performance

## VALUE PROPOSITION

**Organization** – we will assist in bringing order to your financial life assimilating all of your financial assets and liabilities into one central portal.

**Partnership** – we will partner with you, collaboratively to understand your financial needs and goals, and ultimately assist you in the best financial life for you and your family.

**Accountability** – we will follow through on our financial commitments to you.

**Objectivity** – we will be objective in our decision making process in order to help you avoid emotionally driven decisions which can harm your financial life.

**Proactivity** – we will be proactive in anticipating life transition issues in your life and assisting you to be financially prepared for them.

**Education** – we will constantly work to secure or maintain the knowledge necessary to assist you with the financial decisions that impact success for your particular situation.

## AMOUNT OF MANAGED ASSETS

As of 1/1/21, we have discretionary assets under management of \$364,722,816

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

In order to qualify for the investment management services of our Firm, an account should generally have at least \$1,000,000 in marketable securities or cash. Exceptions to this minimum may occur when both the Firm and a potential client deem such a relationship beneficial.

The annualized fee for services provided is charged as a percentage of assets under management, according to the following schedule:

<u>Assets Under Management</u>	<u>Annual Fee</u>
First 1 Million	1.00%
Next 1 Million	0.90%
Next 3 Million	0.60%
Next 3 Million	0.50%
Over 8 Million	0.40%

We may group certain related client accounts within the same household for the purposes of achieving the minimum account size requirements and/or to provide breakpoint pricing to the client.

Management fees are payable in advance on a quarterly basis by multiplying the assets under management by the relevant annualized percent and dividing such product by four (4). Accounts opened in mid quarter may be assessed a prorated management fee. Fees may be deducted from the client's account(s) within thirty (30) days from the beginning of the quarter for which said fees will be incurred.

**Other Compensation:** Neither Investment Advisory Services, Inc. or its team representatives, accept compensation from the sale of securities or other investment products.

**Limited Changes to Advisory Fees:** Although Investment Advisory Services, Inc. has established the

aforementioned fee schedule(s), we retain the discretion to alter fees on a client by client basis. Factors that may be considered are: complexity of client circumstances and account composition. The specific annual fee schedule is identified in the contract between the adviser and each client.

***Additional Fees and Expenses:*** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker-dealers, including, but not limited to, any transaction charges imposed by a broker-dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

***Grandfathering of Adviser Fees:*** Pre-existing advisory clients are subject to Investment Advisory Services, Inc.'s advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our Firm's advisory fees will differ among clients.

***Advisory Fees in General:*** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for higher, similar or lower fees.

***Limited Prepayment of Fees:*** Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

## **GENERAL INFORMATION**

The Investment Management Agreement is effective upon the date of signing. The Agreements shall be for one year in duration from the date of acceptance by both parties to this contract and automatically renewed for additional one year terms unless terminated prior thereto as indicated under "Termination of the Advisory Relationship."

***Termination of the Advisory Relationship:*** A client agreement may be canceled at any time, by either party, for any reason upon receipt of written notice. Notwithstanding the

above, if the appropriate disclosure statement was not delivered to the client at least 48 hours prior to the client entering into any written or oral advisory or consultation contract with us, then the client has the right to terminate the relationship contract without penalty within five (5) business days after entering into the contract. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid unearned fees will be refunded within 10 days. In calculating the reimbursement of fees to a client, we will pro rate the reimbursement according to the number of days remaining in the billing period.

### **Limitation of Financial Planning and Investment Consulting/Implementation Services**

To the extent specifically requested by a client (depending on the nature of the issue presented) IAS may provide limited financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc., however IAS does not serve as an attorney, accountant, or insurance agency, and no portion of our services should be construed as same. Accordingly, IAS does not prepare estate planning documents, tax returns or sell insurance products. To the extent requested by a client, we may recommend the services of other professionals for certain non-investment implementation purpose (i.e. attorneys, accountants, insurance, etc.) You are under no obligation to engage the services of any of such recommended professional. The client retains absolute discretion overall for such implementation decisions and is free to accept or reject any recommendation that we make. Please note: It remains the client's responsibility to promptly notify IAS if there is ever any change in his/her

financial situation or investment objectives for the purpose of reviewing/evaluating/revising IAS's previous recommendations or services.

### **ERISA/IRC Fiduciary Acknowledgement**

If a client is (i) a retirement plan ("Plan") organized under the Employment Retirement Income Security Act of 1974 ("ERISA"); (ii) a participant or beneficiary of a plan subject to Title I of ERISA or described in section 4975§ (1)(A) of the Internal Revenue Code with authority to direct investment of assets in his or her Plan account or take a distribution; (iii) the beneficial owner of an Individual Retirement Account ("IRA") acting on behalf of the IRA; or (iv) a Retail Fiduciary with respect to a plan subject to Title I of ERISA or described in section 4975§ (1)(A) of the Internal Revenue Code; then the firm represents that it and its representatives are fiduciaries under ERISA or the Internal Revenue Code, or both, with respect to any investment advice provided by the firm or its representatives or with respect to any investment recommendations regarding an ERISA Plan or participant or beneficiary account.

**ERISA Accounts:** Investment Advisory Services, Inc. is deemed to be a fiduciary to advisory clients that are employee benefit plans or rollover individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our Firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Investment Advisory Services, Inc. does not receive any commissions or 12b-1 fees.

### **Retirement Rollovers-Potential for Conflict of Interest**

As part of our investment advisory services to you, we may recommend you withdraw the assets from your employer's (or former employer's) retirement plan and roll the assets over to an individual retirement account (IRA) that we will manage on your behalf. If you elect to roll assets to an IRA that is subject to our management, we will charge you an asset-based fee as set-forth in the management agreement executed by you with our firm. This practice presents a conflict of interest because providing investment advice and suggesting a roll-over of assets will generate fee-based compensation to the firm. You are under no obligation, contractually or otherwise to complete a rollover. Moreover, if you do not complete the rollover, you are under no obligation to have the assets in the IRA or employer plan to be managed by our firm.

An employee will typically have four options:

1. Leave the funds in your employer's (or former employer's) plan
2. Moving funds to a new employer's retirement plan
3. Cashing out and taking a taxable distribution from the plan
4. Rolling the funds into an IRA account.

Each of these options has advantages and disadvantages and we encourage you to speak with your CPA and/or Tax Attorney. It is important you understand the differences between these types of accounts and decide whether a rollover is best for you.

**Mutual Fund Fees:** All fees paid to Investment Advisory Services, Inc. by clients for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. Mutual fund and ETF fees and expenses are described in their prospectus. These fees will generally include a management fee, and other fund expenses. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our Firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Our Firm considers the cost of a mutual fund to be an important variable

in the selection process. On certain mutual funds, we will have access to share classes which may have lower costs than a share class an individual could purchase directly. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

## **Item 6 Performance Based Fees and Side By Side Management**

Investment Advisory Services, Inc. does not charge performance based fees nor does it engage in side by side management.

## **Item 7 Types of Clients**

Investment Advisory Services, Inc. provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Trusts
- Estates

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

Investment Advisory Services, Inc. utilizes a **team-based** investment committee. Herein referred to as the “Committee”. The Committee maintains a Select List of investments for portfolio construction. The Committee determines which securities to add to or delete from the List, utilizing a number of sources.

### **Equity Securities**

Individual selections/maintenance of Equities will generally be based on fundamental factors as to the Company quality, market cap, sector, credit rating, revenue, earnings, EPS growth rates, dividend distributions, relative valuation and other factors.

Technical factors utilized when buying/selling the position may consider short-term volume and price movement, relative stock price position to the 50 and 200-day moving averages and other factors.

**Equity Mutual Funds** will be selected based on the overall Fund Family, the manager(s) experience, size of fund, style of management (growth/value/balanced), average market cap, sector weighting, performance relative to peers and benchmark, unrealized capital gains, expense ratio and other factors.

**ETF's** will be selected based on quality of the Corporate Sponsor, size and liquidity of ETF, sector or theme representation, performance relative to peers and benchmark, expense ratio and other factors.

### **Individual Fixed Income Securities**

Fixed Income Securities and Mutual Funds that hold fixed-income securities will be selected on accessibility, types of holdings, credit quality, duration and cost.

### **Resources Used in Analysis**

Analyst's reports - S&P (CFRA), Zacks, Morningstar, Fidelity and various other sources.

Investment Research - Fidelity, IBD, MarketSmith, Barron's, WSJ, S&P Outlook, Sevens' Report, Yahoo Finance, Clearnomics, other periodicals and business news



including Bloomberg, CNBC, and Fox Business.

Meetings, Webinars, Web content - Fidelity, Mutual Fund and ETF providers

The Committee meets periodically as warranted, but at least monthly to discuss any additions and deletions from the IAS Select list. Additionally, economic, market and other actions are discussed.

### ***INVESTMENT STRATEGIES***

Our Firm manages client accounts on an individualized basis.

Any investment strategies used in managing client accounts will be based on the needs of each client and consistent with our understanding of a client's investment objectives, risk tolerance, and time horizon among other considerations.

We attempt to manage risk through appropriate diversification including allocation between equity securities and fixed income securities and cash.

Our investment recommendations are not limited to any specific product or service offered by a broker/dealer or insurance company and will generally include advice regarding the following securities:

- Mutual Fund shares
- Exchange Traded Fund shares (ETF's)
- Publicly traded Equity securities
- Corporate debt securities
- Municipal securities
- Certificates of Deposit
- United States government and agency securities
- Real Estate Investment Trusts (REITS)

Our Firm will generally look to buy/ hold positions for the long term (one year or longer) but will sell or reduce holdings when appropriate based on valuation, adjustments to portfolio allocation, opportunity to add portfolio tax efficiency, or fundamental changes that affect the position.

Our investment philosophy does not generally warrant making investment decisions based on short term purchases or trading. Additionally, we do not utilize strategies based on leverage of risk through the use of margin transactions whereby a portfolio can purchase more stock than the available cash would allow.

***Risk of Loss.*** While our Firm seeks to "preserve and grow" our clients' assets, investment securities are not guaranteed and you may lose money on your investments. We ask that clients work with us to help us understand their tolerance for risk.

## **Item 9 Disciplinary Information**

We are required to disclose any legal or disciplinary events that are material to clients or prospective clients for evaluation of our advisory business or the integrity of our management.

Our Firm, established in 1994 and our personnel have no reportable disciplinary events to disclose now or since inception of the firm.

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

Our Firm and our related persons are not engaged in other financial industry activities and have no other industry affiliations.

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

Our Firm, acting as a fiduciary has adopted a Code of Ethics which sets forth high ethical standards of business conduct we require of our employees, including compliance with applicable federal and state securities laws.

Investment Advisory Services, Inc. and our personnel owe a duty of loyalty, fairness, and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

The Code of Ethics describes the general code of conduct the firm expects of all employees of IAS, and specifically focuses on three specific areas where employee conduct has the potential to adversely affect the client:

- Misuse of nonpublic information
- Personal securities trading
- Outside business activities

Our Code of Ethics includes policies and procedures for the review of securities transaction statements and/or initial and annual securities holdings reports which are provided by the Firm's access persons. Investment Advisory Services, Inc.'s Code of Ethics further includes the Firm's policy prohibiting the use of material non- public information. While we do not believe that we have any particular access to non- public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to: [ch@iastexas.com](mailto:ch@iastexas.com) or by calling us at 281-364-0606.

The guiding principles of all aspects of the firm's business and represent the requirements to which the firm expects employees to adhere:

- Client's interest come before employee's personal interests and before the Firm's interests.
- The firm will always fully disclose any material facts about conflict of interest between the firm and the client as well as between Firm employees and clients.
- Employees must operate on the Firm's behalf and on their own behalf consistently with the Firm's disclosures and appropriately manage any conflicts.
- The Firm and its employees must comply with all Federal and State applicable securities laws.
- The Firm and its employees will not take inappropriate advantage of their position of trust and responsibility to clients.

The Code of Ethics contains a policy against the use of nonpublic information in conducting business for the Firm. Employees may not convey nonpublic information or depend upon it for making personal or client's securities trades.

Individuals of the Firm, may buy, sell or hold the same securities in their personal accounts as the Firm recommends to its clients. This creates a potential conflict of interest with the possibility of Firm

personnel obtaining a better price than clients obtain. To mitigate this conflict, such trades may occur on the same day at the same time receiving average pricing or after the client with the client receiving the same or better pricing. Additionally, all trades by employees must be pre-approved when involving reportable securities such as individual equities, Exchanged Traded Funds (ETF), and other securities priced on an active basis.

Employees are required to submit reports of personal securities trades on a quarterly basis, and securities holdings annually. These reports are reviewed by the Chief Compliance Officer to ensure compliance with the Firm's policies.

## **Item 12 Brokerage Practices**

For discretionary clients, Investment Advisory Services, Inc. requires clients to provide us with written authority to execute trades on their behalf with the custodian.

These clients must include any limitations on this discretionary authority in the written authority statement. Clients may change/amend these limitations as required. Such amendments must be provided to us in writing.

Investment Advisory Services, Inc. will aggregate trades where possible and when advantageous to clients, however due to the individual nature of each portfolio, block trading may not be available. The blocking of trades permits the trading of aggregate blocks of securities for multiple client accounts.

Investment Advisory Services, Inc. has an arrangement with National Financial Services LLC, and Fidelity Brokerage Services LLC (collectively, and together with all affiliates, "Fidelity") through which Fidelity provides our Firm with their "**institutional platform**" services. The platform services include, among others, brokerage, custodial, administrative support, record keeping, and related services. These services are intended to support intermediaries like Investment Advisory Services, Inc. in conducting business and in serving the best interests of clients. However, they may also benefit Investment Advisory Services, Inc.

Fidelity's institutional platform services assist us in managing and administering clients' accounts include software and other technology that:

- provide access to client account data (such as trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide research, pricing, and other market data;
- facilitate payment of fees from clients' accounts; and
- assist with back office functions, record keeping, and client reporting.

We receive these benefits because of our clients' relationships with Fidelity, but have no formal soft dollar arrangements and receive no compensation from Fidelity. These benefits provided by Fidelity might assist us with the administration of client accounts, and thus slightly help our profitability, thus creating a potential conflict of interest with clients. We believe this is not a material conflict.

### **Directed Brokerage**

As a matter of policy and practice, Investment Advisory Services, Inc. may accept directed brokerage from clients. Clients should be aware that when we facilitate a client's request to direct their brokerage, our Firm does not generally block the client directed brokerage trades; and, therefore, we implement client transactions separately for each account. Consequently, certain client trades may be executed before others and at a different price.

## **Item 13    Review of Accounts**

While the underlying securities within Individual Portfolio Management Services accounts are continually monitored by the **team** of advisors, all client accounts are reviewed at least quarterly. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. The client is responsible for communicating his/her needs, goals, and objectives to the Firm in a timely manner and to alert us to any changes in their needs, goals, and objectives. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political, or economic environment.

In addition to the monthly statements and confirmations of transactions that clients receive from their broker/dealer, we provide quarterly reports summarizing account performance, balances, and holdings.

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

It is Investment Advisory Services, Inc.'s policy not to engage solicitors or to pay related or non-related persons for referring potential clients to our Firm.

## **Item 15    Custody**

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our Firm directly debits advisory fees from client accounts. The client has the responsibility to direct which account(s) the fee will be charged. There may be certain tax consequences that occur as a result of this decision and a client should discuss any tax consequences with their tax adviser.

Payment of our management fees may be made by the custodian holding the client's funds and securities only when all three of the following criteria are met:

1. The client provides us with written authorization permitting their fees to be paid directly from his/her account that are held by the custodian;
2. The Firm sends the client an invoice showing the fee amount due, the value on which the fee was calculated, and the method of calculation;
3. The custodian sends a statement to the client at least quarterly indicating the advisory fees that were paid directly as well as any other disbursements from the account.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

In addition to the periodic statements that clients receive directly from their custodians, we also send account statements directly to our clients on a quarterly basis. We urge our clients to carefully compare the information provided on these statements to ensure that all account transactions, holdings, and values are correct and current.

Our Firm does not and will not have actual or constructive custody of client funds or securities.

**Please Also Note: Other Custody Situations:**

Investment Advisory Services, Inc. engages in practices and/or services on behalf of its clients that require disclosure in ADV Part 1. Certain clients have established asset transfer authorizations which permit the qualified custodian to rely upon instructions from IAS to transfer client funds or securities to third parties. These arrangements are disclosed at Form ADV Part 1, Item 9, but in accordance with the guidance provided in the SEC's February 21, 2017 Investment Adviser Association No-Action Letter, the affected accounts are not subject to an annual surprise CPA examination.

## **Item 16 Investment Discretion**

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission. We place trades through a custodian by virtue of a limited power of attorney, solely allowing trade authority. At no time may the Firm or its personnel withdraw funds to itself or to a third party with the exception of management fees as outlined in Item 15.

Our discretionary authority includes the ability to do the following without contacting the client:

- determine the security to buy or sell; and/or
- determine the amount of the security to buy or sell

Clients give us discretionary investment authority when they sign a discretionary agreement with our Firm, and may limit this authority by giving us written instructions. Clients may also change or amend such limitations by once again providing us with written instructions.

Individual trades are usually executed through the client's custodian for their discounted commissions, ease of clearing, and for the speed and accuracy of trading information. To the extent that other broker/dealers may offer better executions, trades may be executed elsewhere on an exception basis.

## **Item 17 Voting Client Securities**

As a matter of Firm policy, we do not vote proxies on behalf of clients. Therefore, although our Firm may provide investment advisory services relative to client investment assets, clients maintain 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. Clients are responsible for instructing each custodian of the assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets. We do not offer any consulting assistance regarding proxy issues to clients.

## **Item 18 Financial Information**

There is no financial condition that is reasonably likely to impair the Firm's ability to meet its contractual commitments to its clients.