

**Bivin & Associates, Inc.**  
**Investment Advisor**

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**March 21, 2022**

**Form ADV Part 2A Brochure**

This brochure provides information about the qualifications and investment advisory business practices of Bivin & Associates, Inc. If you have any questions about the contents of this brochure please contact us at (580) 762-1121. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about our firm's investment advisory business is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view the firm's information on this website by searching for our name or by our firm's CRD number. The CRD Number for our firm is 111688. Bivin & Associates, Inc. is an investment adviser.

### **Material Changes – Item 2**

The purpose of this section is to inform you of any material changes since the previous annual updating amendment filing of this Brochure submitted to regulators on March 25, 2021.

On March 21, 2022, we submitted our annual updating amendment for fiscal year 2021. We have made the following updates to our Form ADV Part 2A Brochure:

- Item 5 was updated to clarify that cash positions are included in the calculation of our advisory fees and we bill during periods of portfolio inactivity.
- Item 8 was updated with important information regarding investment risks associated with preferred securities, cybersecurity, pandemics, and cryptocurrency.

In addition to the changes noted above, we encourage you to carefully review our full brochure. If you have any questions or if you would like to receive a copy of our current brochure free of charge at any time, contact us at 412 S. 14th Street, Ponca City, OK 74601, (580) 762-1121, or [jdbrown@bivinandassociates.com](mailto:jdbrown@bivinandassociates.com).

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#### **Advisory Business - Item 4**

Bivin & Associates, Inc. is an investment adviser based in Ponca City, Oklahoma. We were organized as a corporation under the laws of the State of Oklahoma in 1999. Wm. Stan Bivin, CFP®, President and Chief Compliance Officer, is the sole owner of the company. Prior to 1999, Mr. Bivin operated as a sole proprietor investment adviser and has been providing investment advisory services since 1994.

As used in this brochure, the words "we," "our" and "us" refer to Bivin & Associates, Inc. and the words "you," "your" and "client" refer to you as either a client or prospective client of our firm. Additionally, you may see the term Associated Person throughout this brochure. As used in this brochure, our Associated Persons are our firm's officers, employees, and all individuals providing investment advice on behalf of our firm.

The following paragraphs describe our services and fees. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs.

#### **Investment Advisory Services**

We offer discretionary investment advisory services to our clients. To retain our firm, we will arrange for an interview in person, or by telephone to discuss suitability, our philosophy, investment strategy and other relevant information. After our interview, if you decide to retain us, we will enter into an investment advisory agreement. We use the suitability information we gather to assist you in choosing an investment option that employs a model portfolio developed by our firm that is diversified among investment styles and/or asset classes. We will use the information we gather to develop a strategy that enables our firm to customize an investment portfolio for you in accordance with your risk tolerance and investment objectives. Once we construct an investment portfolio for you, or select a model portfolio, we will monitor your portfolio's performance and re-balance your investments as required by changes in market conditions and in your financial circumstances.

#### **Wrap Fee Portfolio Management Services**

We offer discretionary portfolio management services under a wrap fee program where we act as both the portfolio manager and sponsor of the program. We will invest your assets according to one or more model portfolios developed by our firm. These models are designed for investors with varying goals and degrees of risk tolerance ranging from a more aggressive investment strategy to a more conservative investment approach. Clients whose assets are invested in model portfolios may not set restrictions on the specific holdings or allocations within the model, nor the types of securities that can be purchased in the model. However, clients may exclude certain assets from management in our model portfolios. For assets held outside the model portfolios, you can limit our discretionary authority or you may request specific transactions by providing our firm with your restrictions, guidelines, or instructions.

We require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow us to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm and the appropriate trading authorization forms.

A wrap fee program allows you access to our models for a single fee that includes our management fee, certain administrative fees, and certain transaction and custodial costs. The fee does not include mark-ups and mark-downs, dealer spreads or other costs associated with the purchase or sales of securities, interest, taxes, or other costs, such as national exchange fees, charges for transactions not executed through the broker-dealer designated by the account custodian, costs associated with exchanging currencies, wire transfer fees, or other fees required by law or imposed by third parties. You will be responsible for these additional fees and expenses. We receive a portion of the wrap fee for our services. The overall cost you will incur if you participate in our wrap fee program may be higher or lower than you might incur by separately purchasing the types of securities available in the program.

Transactions for your account must be executed through the preferred source chosen by the qualified custodian. To compare the cost of the wrap fee program with non-wrap fee portfolio management services, you should consider the frequency of trading, activity associated with our investment strategies, and the brokerage commissions charged by other broker-dealers, and the advisory fees charged by other investment advisers. For more information concerning the Wrap Fee Program, see *Appendix 1* to this Brochure.

### **Types of Investments**

We offer advice on equity securities, fixed income securities, warrants, closed-end funds, exchange traded funds, corporate debt securities, certificates of deposit, municipal securities, US Government securities, real estate investment trusts (REITS), and advisor managed variable annuities.

Additionally, we may advise you on any type of investment that we deem appropriate based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship.

### **Financial Planning and Consulting Services**

Financial planning will typically involve providing a variety of services, principally advisory in nature, to clients regarding the management of their financial resources based upon an analysis of their individual needs. An Associated Person of our firm will first conduct a complimentary initial consultation. During or after the initial consultation, if you decide to engage us for financial planning services, an Associated Person of our firm will conduct meetings during which pertinent information about your financial circumstances and objectives is collected. Once such information has been reviewed and analyzed, a financial plan, designed to achieve your stated financial goals and objectives will be presented to you.

Often our clients request only targeted financial planning to deal with one area of concern. In that case, Bivin & Associates will not provide a comprehensive written financial plan.

The financial plan is based on your financial situation at the time the plan is presented. Recommendations are based on the financial information you disclose to us. You are advised that certain assumptions may be made with respect to interest and inflation rates and the use of past trends and performance of the market and economy. Past performance is in no way an indication of future performance. We cannot offer any guarantees or promises that your financial goals and objectives will be met. As your financial situation, goals, objectives, or needs change, you must promptly notify us.

#### **Assets Under Management**

As of December 31, 2021, we had approximately \$129,003,852 in client assets under management on a discretionary basis, and no client assets on a non-discretionary basis.

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

#### **Wrap Fee Portfolio Management Services**

We charge an annual wrap fee for portfolio management services of up to 1.5% (with a minimum annual fee of \$150) depending upon the market value of your assets under our management, the type and complexity of the asset management services provided, as well as the level of administration requested either directly or assumed by the client. Assets in each of your account(s) are included in the fee assessment unless specifically identified in writing for exclusion.

Our annual portfolio management fee is billed and payable, quarterly in arrears. If the portfolio management agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client. Our advisory fee is negotiable, depending on individual client circumstances.

There may be times when we will manage assets outside of the portfolio management program account and those assets could be billed and payable, quarterly in arrears, and are debited through your portfolio management account.

At our discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts.

*Billing on Cash Positions:* The firm treats cash and cash equivalents as an asset class. Accordingly, unless

otherwise agreed in writing, all cash and cash equivalent positions (e.g., money market funds, etc.) are included as part of assets under management for purposes of calculating the firm's advisory fee. At any specific point in time, depending upon perceived or anticipated market conditions/events (there being no guarantee that such anticipated market conditions/events will occur), the firm may maintain cash and/or cash equivalent positions for defensive, liquidity, or other purposes. While assets are maintained in cash or cash equivalents, such amounts could miss market advances and, depending upon current yields, at any point in time, the firm's advisory fee could exceed the interest paid by the client's cash or cash equivalent positions.

*Periods of Portfolio Inactivity:* The firm has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, the firm will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including but not limited to investment performance, fund manager tenure, style drift, account additions/withdrawals, the client's financial circumstances, and changes in the client's investment objectives. Based upon these and other factors, there may be extended periods of time when the firm determines that changes to a client's portfolio are neither necessary nor prudent. Notwithstanding, unless otherwise agreed in writing, the firm's annual investment advisory fee will continue to apply during these periods, and there can be no assurance that investment decisions made by the firm will be profitable or equal any specific performance level(s).

As paying agent for our firm, your custodian will calculate the advisory fee based on your advisory agreement with us and they will directly debit your account(s) for the payment of our advisory fees. Advisory fees will be deducted only when the following requirements are met:

- You provide our firm with written authorization permitting the fees to be paid directly from your account held by the qualified custodian, and
- The qualified custodian agrees to send you a statement, at least quarterly, indicating all amounts disbursed from your account including the amount of the advisory fee paid directly to our firm.

If you have any questions about the statement(s) you receive from the qualified custodian, call our main office number located on the cover page of this brochure.

You may terminate the portfolio management agreement upon 30 days written notice. You will incur a pro rata charge for services rendered prior to the termination of the portfolio management agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

#### **Financial Planning Services**

Typically, the fee for financial planning is \$250 per hour, however such fees are negotiable based upon the complexity and scope of the plan, as well as your financial situation and objectives. An estimate of

the total time/cost will be determined at the start of the advisory relationship. In limited circumstances, the time/cost could potentially exceed the initial estimate. In such cases, we would notify you and request your approval of applicable additional fees. Typically, financial planning fees will be due upon presentation of the plan; however, other fee payment arrangements may be negotiated. For example, particularly complex plans may require prepayment of a portion of the estimated fee for services. For lengthy engagements, interim payments may be requested. Applicable fees, fee payment arrangements, and the terms of the engagement will be clearly set forth in the advisory agreement signed by you and us, prior to services being rendered.

In limited circumstances, you may only require advice on a single aspect of the management of your financial resources. We offer financial plans in a targeted format and/or general consulting services that address only those specific areas of interest or concern. For hourly consulting services in which a financial plan is not presented the fee will typically be payable upon completion of the consultation.

If applicable, as part of a financial planning analysis and engagement, we will assist you in determining your investment goals and objectives; risk tolerance and retirement plan time horizons for External Pension, Profit Sharing, 401(k), and 403(b) Plan Assets. We will then recommend an initial asset allocation and you may engage us to conduct a periodic review based on the firm's hourly rate. However, because such assets are held in custody outside the control of Bivin & Associates, Inc., you will be responsible for accepting and implementing our recommendations. Further, we will not provide Continuous Management and Supervision or Portfolio Monitoring services for such accounts. We will not receive ongoing, asset-based compensation. However, you will be able to engage us to conduct a review of such accounts on a periodic or annual basis for an hourly fee.

If you choose to implement your financial plan through our asset management services described below, in our discretion, we may waive or offset a portion of the financial planning fee in lieu of advisory fees. However, you may act on our recommendations by placing securities transactions with any brokerage or investment advisory firm you choose. You are under no obligation to act on our financial planning recommendations. Moreover, if you decide to act on any of our recommendations, you are under no obligation to implement those recommendations through our firm.

You may terminate the advisory agreement upon written notice to us. You will owe only for the services provided up until the date of termination. If we have collected a deposit, we will refund the portion of prepaid, unearned fees to you promptly.

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

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds, and variable annuities (described in each fund's prospectus) to their shareholders. These



fees will generally include a management fee and other fund expenses. Additionally, variable annuities typically impose asset-based sales charges or surrender charges for withdrawals within a specified period. Some fee-based variable annuities charge a small platform fee in addition to our advisory fee based on a percentage of the value of the underlying funds held in the policy. Variable annuities may also impose a variety of fees and expenses, in addition to sales and surrender charges, such as mortality and expense risk charges; administrative fees; underlying fund expenses; and charges for special features, all of which can reduce the return.

Our wrap program fee does not include mark-ups and mark-downs, dealer spreads or other costs associated with the purchase or sale of securities, interest, taxes, or other costs, such as national securities exchange fees, charges for transactions not executed through the broker-dealer designated by the qualified custodian, costs associated with exchanging currencies, wire transfer fees, variable annuity platform fees, or other fees required by law or imposed by third parties. You will be responsible for these additional fees and expenses.

To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, variable annuities, our firm, and others.

#### **Compensation for the Sale of Securities or Other Investment Products**

Any person associated with our firm, who is separately licensed as an insurance agent, does not sell insurance products to advisory clients, and does not receive any commission-based compensation from advisory clients for the sale of insurance products.

#### **IRA Rollover Considerations**

As part of our investment advisory services to you, we may recommend that you withdraw the assets from your 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 the assets to an IRA that is subject to our management, we will charge you an asset based fee as set forth in the agreement you executed with our firm. This practice presents a conflict of interest because persons providing investment advice on our behalf have an incentive to recommend a rollover to you for the purpose of generating fee based compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of:

1. Leaving the funds in your employer's (former employer's) plan.
2. Moving the 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 rollover account.

Each of these options has advantages and disadvantages and before making a change we encourage you to speak with your CPA and/or tax attorney.

If you are considering rolling over your retirement funds to an IRA for us to manage here are a few points to consider before you do so:

1. Determine whether the investment options in your employer's retirement plan address your needs or whether you might want to consider other types of investments.
  - a. Employer retirement plans generally have a more limited investment menu than IRAs.
  - b. Employer retirement plans may have unique investment options not available to the public such as employer securities, or previously closed funds.
2. Your current plan may have lower fees than our fees.
  - a. If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA.
  - b. You should understand the various products and services you might take advantage of at an IRA provider and the potential costs of those products and services.
3. Our strategy may have higher or lower risk than the option(s) provided to you in your plan.
4. Your current plan may or may not offer financial advice.
5. If you keep your assets titled in a 401k or retirement account, you could potentially delay your required minimum distribution beyond age 72, if you continue employment with your company past Mandatory Beginning Date.
6. Your 401k may offer more liability protection than a rollover IRA; each state may vary.
  - a. Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies. However, there can be some exceptions to the general rules so you should consult with an attorney if you are concerned about protecting your retirement plan assets from creditors.
7. You may be able to take out a loan on your 401k, if you are still employed, but not from an IRA.
8. IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty for an account owner under the age of 59.5, unless they qualify for an exception such as disability, higher education expenses, or the purchase of a home.
9. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.

It is important that you understand the differences between these types of accounts and to decide whether a rollover is best for you. Prior to proceeding, if you have questions contact your investment adviser representative, or call our main number as listed on the cover page of this brochure.

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

We do not accept performance-based fees. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Our fees are calculated as described in the *Advisory Business* section above, and are not charged based on a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. We do not participate in side-by-side management of your accounts with performance-based fee accounts.

#### **Types of Clients - Item 7**

We currently provide investment advisory services to individuals (including high net worth individuals, trusts, and estates), pension and profit sharing plans, corporations, and other business entities. However, we may also offer our services to charitable organizations or other types of clients.

We charge a minimum fee of \$150 to open and maintain an advisory account. At our discretion, we may waive the minimum fee.

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

##### **Our Methods of Analysis and Investment Strategies**

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

No investment strategy or method of analysis can assure that any trade or investment will result in a profit. Furthermore, each client must understand that any trade or investment could result in a loss and that the value of any client portfolio could decline below the original investment.

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

- **Charting** - The set of techniques used in technical analysis in which charts are used to plot price movements, volume, settlement prices, open interest, and other indicators, in order to anticipate future price movements. Users of these techniques, called chartists, believe that past trends in these indicators can be used to extrapolate future trends.

- **Cyclical** - Analyzes the investments sensitive to business cycles and whose performance is strongly tied to the overall economy. For example, cyclical companies tend to make products or provide services that are in lower demand during downturns in the economy and higher demand during upswings. Examples include the automobile, steel, and housing industries. The stock price of a cyclical company will often rise just before an economic upturn begins, and fall just before a downturn begins. Investors in cyclical stocks try to make the largest gains by buying the stock at the bottom of a business cycle, just before a turnaround begins.
- **Fundamental** - A method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of companies). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is considered the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.
- **Technical** - A method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets may be indications of future performance.

### Investment Strategies

We use the following investment strategies when managing client assets and/or providing investment advice:

- **Long-Term Purchases** - securities purchased with the expectation that the value of those securities will grow over a relatively long period, generally greater than one year. Long-term purchases may be affected by unforeseen long-term changes in the company in which you are invested or in the overall market.
- **Short-Term Purchases and Trading** - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations. We may use trading (in general, selling securities within 30 days of purchasing the same securities) as an investment strategy when managing your account(s). Trading is not a fundamental part of our overall investment strategy, but we may use this strategy occasionally when we determine that it is suitable given your stated investment objectives and tolerance for risk. However, frequent trading can negatively affect investment performance, particularly through increased brokerage and other transactional costs and taxes.

- **Tactical asset allocation** - Allows for a range of percentages in each asset class (such as Stocks = 40- 50%). These are minimum and maximum acceptable percentages that permit the investor to take advantage of market conditions within these parameters. Thus, a minor form of market timing is possible, since the investor can move to the higher end of the range when stocks are expected to do better and to the lower end when the economic outlook is bleak.
- **Strategic asset allocation** - Calls for setting target allocations and then periodically rebalancing the portfolio back to those targets as investment returns skew the original asset allocation percentages. The concept is akin to a “buy and hold” strategy, rather than an active trading approach. Of course, the strategic asset allocation targets may change over time as the client’s goals and needs change and as the time horizon for major events such as retirement and college funding grow shorter.

### **Tax Considerations**

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.

Moreover, as a result of revised IRS regulations, custodians and broker-dealers will begin reporting the cost basis of equities acquired in client accounts on or after January 1, 2011. Your custodian will default to the FIFO (First-In First-Out) accounting method for calculating the gain or loss of your investments.

### **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

**Cybersecurity Risks:** Our firm and our service providers are subject to risks associated with a breach in cybersecurity. Cybersecurity is a generic term used to describe the technology, processes, and practices designed to protect networks, systems, computers, programs, and data from cyber-attacks and hacking by other computer users, and to avoid the resulting damage and disruption of hardware and software systems, loss or corruption of data, and/or misappropriation of confidential information. In general, cyber-attacks are deliberate; however, unintentional events may have similar effects. Cyber-attacks may cause losses to clients by interfering with the processing of transactions, affecting the ability to calculate net asset value or impeding or sabotaging trading. Clients may also incur substantial costs as the result of a cybersecurity breach, including those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary

information, litigation, and the dissemination of confidential and proprietary information. Any such breach could expose our firm to civil liability as well as regulatory inquiry and/or action. In addition, clients could be exposed to additional losses as a result of unauthorized use of their personal information. While our firm has established a business continuity plan and systems designed to prevent cyber-attacks, there are inherent limitations in such plans and systems, including the possibility that certain risks have not been identified. Similar types of cyber security risks are also present for issuers of securities, investment companies and other investment advisers in which we invest, which could result in material adverse consequences for such entities and may cause a client's investment in such entities to lose value.

**Pandemic Risk:** Large-scale outbreaks of infectious disease can greatly increase morbidity and mortality over a wide geographic area, crossing international boundaries, and causing significant economic, social, and political disruption. It is difficult to predict the long-term impact of such events because they are dependent on a variety of factors including the global response of regulators and governments to address and mitigate the worldwide effects of such events. Workforce reductions, travel restrictions, governmental responses and policies and macroeconomic factors could negatively impact investment returns.

#### **Recommendation of Particular Types of Securities**

We primarily invest in publicly traded stocks, exchange traded funds, and bonds. There may be on occasion, actively managed or indexed mutual funds in our portfolios. You should be advised of the following risks when investing in these types of securities. However, we may recommend other types of investments as appropriate for you since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

**Mutual funds** are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and exchange-traded funds generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. The returns on mutual funds and exchange-traded funds can be reduced by the costs to manage the funds. In addition, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds charge such fees, which can also reduce returns. Mutual funds can also be "closed end" or "open end." So-called "open end" mutual funds continue to allow in new investors indefinitely, which can

dilute other investors' interests. Low cost exchange traded funds (ETFs) are used to build risk-based diversified asset portfolios. Material risks associated with these types of portfolios include, but are not limited to, improper weighting, timing of entry/exit, credit, suitability, and, asset and trading expense ratios.

**Variable annuities** are complex investments offered by insurance companies. Investment in a variable annuity contract is subject to general market risk and the insurance company's credit risk. These and other risks are described in the variable annuities' prospectuses. Variable annuities are regulated under both securities and insurance laws and the related rules and regulations. Variable annuities may offer benefits and features which may or may not have value to you depending on your circumstances. Similar to mutual funds, insurance companies may charge a variety of fees and charges against the assets invested in the sub-accounts of the insurance contract. As noted above, this typically means there are two layers of advisory fees incurred: fees charged by the insurance company and/or platform provider and fees paid to us for advisory services.

There are numerous ways of measuring the risk of **equity securities** (also known simply as "equities" or "stock"). In very broad terms, the value of a stock depends on the financial health of the company issuing it. However, stock prices can be affected by many other factors including, but not limited to the class of stock (for example, preferred or common); the health of the market sector of the issuing company; and, the overall health of the economy. In general, larger, better established companies ("large cap") tend to be safer than smaller start-up companies ("small cap") are, but the mere size of an issuer is not, by itself, an indicator of the safety of the investment.

**Corporate debt securities** (or "bonds") will have varying degrees of risk that are based on: the financial health of the issuer; the risk that the issuer might default; when the bond is set to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same rate of return.

While generally thought of as safe, **municipal securities** can have significant risks associated with them including, but not limited to: the credit worthiness of the governmental entity that issues the bond; the stability of the revenue stream that is used to pay the interest to the bondholders; when the bond is due to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same amount of interest or yield to maturity.

**Preferred Securities** have similar characteristics to bonds in that preferred securities are designed to make fixed payments based on a percentage of their par value and are senior to common stock. Like bonds, the market value of preferred securities is sensitive to changes in interest rates as well as changes in issuer credit quality. Preferred securities, however, are junior to bonds with regard to the distribution of corporate earnings and liquidation in the event of bankruptcy. Preferred securities that



are in the form of preferred stock also differ from bonds in that dividends on preferred stock must be declared by the issuer's board of directors, whereas interest payments on bonds generally do not require action by the issuer's board of directors, and bondholders generally have protections that preferred stockholders do not have, such as indentures that are designed to guarantee payments – subject to the credit quality of the issuer – with terms and conditions for the benefit of bondholders. In contrast, preferred stocks generally pay dividends, not interest payments, which can be deferred or stopped in the event of credit stress without triggering bankruptcy or default. Another difference is that preferred dividends are paid from the issuer's after-tax profits, while bond interest is paid before taxes.

#### **Risks Associated with Investing in Cryptocurrency**

Cryptocurrency (e.g., bitcoin, etc.) often referred to as “virtual currency”, “digital currency,” or “digital assets,” is designed to act as a medium of exchange. Cryptocurrency is an emerging asset class. There are thousands of cryptocurrencies, the most well known of which is bitcoin. Certain of the firm's clients may have exposure to bitcoin or another cryptocurrency, directly or indirectly through an investment such as an ETF or other investment vehicles. Cryptocurrency operates without central authority or banks and is not backed by any government. Cryptocurrencies may experience very high volatility and related investment vehicles may be affected by such volatility. As a result of holding cryptocurrency, certain of the firm's clients may also trade at a significant premium or discount to NAV. Cryptocurrency is also not legal tender. Federal, state, or foreign governments may restrict the use and exchange of cryptocurrency, and regulation in the U.S. is still developing. The market price of many cryptocurrencies, including bitcoin, has been subject to extreme fluctuations. If cryptocurrency markets continue to be subject to sharp fluctuations, investors may experience losses if the value of the client's investments decline. Similar to fiat currencies (i.e., a currency that is backed by a central bank or a national, supra-national or quasi-national organization), cryptocurrencies are susceptible to theft, loss and destruction. Cryptocurrency exchanges and other trading venues on which cryptocurrencies trade are relatively new and, in most cases, largely unregulated and may therefore be more exposed to fraud and failure than established, regulated exchanges for securities, derivatives and other currencies. The SEC has issued a public report stating U.S. federal securities laws require treating some digital assets as securities.

Cryptocurrency exchanges may stop operating or permanently shut down due to fraud, technical glitches, hackers, or malware. Due to relatively recent launches, most cryptocurrencies have a limited trading history, making it difficult for investors to evaluate investments. Generally, cryptocurrency transactions are irreversible such that an improper transfer can only be undone by the receiver of the cryptocurrency agreeing to return the cryptocurrency to the original sender. Digital assets are highly dependent on their developers and there is no guarantee that development will continue or that developers will not abandon a project with little or no notice. Third parties may assert intellectual property claims relating to the holding and transfer of digital assets, including cryptocurrencies, and their source code. Any threatened action that reduces confidence in a network's long-term ability to hold and transfer cryptocurrency may affect investments in cryptocurrencies.



Many significant aspects of the U.S. federal income tax treatment of investments in cryptocurrency are uncertain and an investment in cryptocurrency may produce income that is not treated as qualifying income for purposes of the income test applicable to regulated investment companies. Certain cryptocurrency investments may be treated as a grantor trust for U.S. federal income tax purposes, and an investment by the firm's clients in such a vehicle will generally be treated as a direct investment in cryptocurrency for tax purposes and "flow-through" to the underlying investors.

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

We are required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of our advisory business or the integrity of our management. We do not have any required disclosures under this item.

#### **Other Financial Industry Activities or Affiliations - Item 10**

Any person associated with our firm, who is separately licensed as an insurance agent, does not sell insurance products to advisory clients, and does not receive any commission-based compensation from advisory clients for the sale of insurance products.

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

##### **Description of Our Code of Ethics**

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All of our Associated Persons are expected to adhere strictly to these guidelines. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

You may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

##### **Participation or Interest in client Transactions**

Neither our firm nor any of our Associated Persons has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure.

**Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell securities for you at the same time we or persons associated with our firm buy or sell such securities for our own account. We may also combine our orders to purchase securities with your orders to purchase securities ("block trading"). Please refer to the "Brokerage Practices" section in this brochure for information on our block trading practices.

A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To eliminate this conflict of interest, it is our policy that neither our Associated Persons nor we shall have priority over your account in the purchase or sale of securities.

**Brokerage Practices - Item 12**

We require that clients direct us to execute transactions and custody investment assets through facilities of Axos Clearing LLC doing business as Axos Advisor Services, member FINRA & SIPC. In selecting Axos Advisor Services as your custodian, you agree to have transactions effected through its affiliates and/or brokers, custodians, or other service providers selected by Axos Advisor Services.

**Research and Other Soft Dollar Benefits**

We do not have any soft dollar arrangements.

**Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

**Directed Brokerage**

Our wrap fee program, for which we are both the portfolio manager and the sponsor, is conducted through Axos Advisor Services. To participate in our wrap fee program, clients must use Axos Advisor Services as the custodian and its clearing firm for trade execution.

Variable annuities are held outside your portfolio management account. As such, transactions for sub-accounts are not conducted through Axos Advisor Services; instead, they will be implemented through a service provider selected by or affiliated with the insurance company through which the variable annuity contract is purchased. Not all advisers require their clients to direct brokerage.

Please see Appendix 1, the Wrap Fee brochure for more information regarding our Wrap Fee Program.

**Aggregation of Orders (Block Trading)**

Where possible, we may combine orders with respect to a security for advisory client accounts if such aggregation is consistent with achieving best execution for the various client accounts. When orders are combined, each participating account receives the weighted average share price for all transactions in a particular security affected to fill such orders at the time of execution. Allocations of orders among client accounts must be made in a fair and equitable manner. Proprietary or related accounts for our firm or persons associated with our firm may participate in block trading with client accounts, but will not be given preferential treatment.

**Review of Accounts - Item 13**

Wm. Stan Bivin, CFP®, President of Bivin & Associates, Inc. is responsible for the overall review process. Mr. Bivin and associated Investment Advisor Representatives monitor accounts on a continuous basis to ensure the advisory services provided to you are consistent with your investment needs and objectives. You will be contacted at least annually to review your financial status, goals, and objectives. Mr. Bivin is responsible for ensuring that such reviews and contacts are made. You are encouraged to contact Bivin & Associates with any questions, or changes in financial situations or investment guidelines. Triggering factors that may stimulate additional reviews include, but are not limited to, significant market corrections, large deposits, or withdrawals from an account, and your request for an additional review.

You will receive statements from the account custodians at least quarterly. Where available, you may elect to receive electronic notification and access to statements from your account custodians. For managed accounts, Bivin & Associates may prepare individual reports in conjunction with our meetings and account reviews with you. Reviews of and updates to financial plans may be subject to our then current hourly rate.

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

We do not receive any compensation from third parties in connection with providing investment advice to you nor do we compensate any individual or firm for client referrals.

**Custody - Item 15**

As paying agent for our firm, your custodian will calculate the advisory fee based on your advisory agreement with us and they will directly debit your account(s) for the payment of our advisory fees. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a qualified custodian. You will receive account statements from the qualified custodian(s)

holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

#### Investment Discretion - Item 16

Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement and the appropriate trading authorization forms. You may grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. Clients whose assets are invested in model portfolios may not set restrictions on the specific holdings or allocations within the model, nor the types of securities that can be purchased in the model. For assets held outside the model portfolios, you can limit our discretionary authority or you may request specific transactions by providing our firm with your restrictions, guidelines, or instructions. Refer to the *Advisory Business* section in this brochure for more information on our discretionary management services.

#### Voting Client Securities - Item 17

##### **Proxy Voting**

We do not have the authority to vote proxies solicited by, or with respect to, the issuers of securities held in your account. Typically, proxy materials will be forwarded to you by our custodian. We will forward proxy materials that we may receive to you. Please contact us at any time with questions you may have regarding proxy solicitations.

#### Financial Information - Item 18

We are not required to provide financial information to our clients because we do not:

- require the prepayment of more than \$1,200 in fees and six or more months in advance, or
- take custody of client funds or securities, or
- have a financial condition that is reasonably likely to impair our ability to meet our commitments to you.

#### Miscellaneous

##### **Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit or whether you

are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.

#### **Trade Errors**

On infrequent occasions, an error may be made in a client account. For example, a security may be erroneously purchased for a client account instead of sold. In these situations, our policy is to restore the client's account to the position it would have been in had the trading error not occurred. Depending on the circumstances, various corrective steps may be taken, including but not limited to, canceling the trade, adjusting an allocation, and/or reimbursing the account. If a trade error results in a profit, the profit is not allocated to the client account, it remains in the error account of the custodian.

The client acknowledges that we cannot and will not be responsible for trades that are not properly executed by any clearing firm, custodian, mutual fund, or insurance company, when an order has been properly submitted by us.

#### **Your Privacy**

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any non-public personal information about you to any non-affiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to non-public personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your non-public personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact our main office at the telephone number on the cover page of this brochure if you have any questions regarding this policy.