

Item 1 Cover Page



Firm Brochure
(Part 2A of Form ADV)

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This brochure provides information about the qualifications and business practices of Cargile Investment Management, Inc. If you have any questions about the contents of this brochure, please contact us at: 432-617-1394, or by email at Mickey@CargileInvestments.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 Cargile Investment Management is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

The following material changes have been made to our firm Brochure since the most recent annual updating amendment filed in March 2021:

- We began offering the Cargile Aggressive Investment Fund LP;
- Item 5, Fees and Compensation, Investment Funds has been amended to disclose a change in service agreement fees.

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Item 4 Advisory Business

Firm Description

Cargile Investment Management, Inc. ("Cargile Investment Management", "we," "our," and "us") is a registered investment adviser based in Midland, Texas. We are organized as a corporation under the laws of Texas. Mickey Cargile, President and Chief Compliance Officer is 100% shareholder of the firm.

Mr. Cargile founded the firm in 1984, which has formerly operated under the entities Cargile Investments, Cargile Parker Investments, and WNB Private Client Services, LLP.

The following paragraphs describe our services and fees. Refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to the Client's ("you," "your," and "client") individual needs.

Portfolio Management Services

The investment advice provided under our portfolio management services is tailored to our clients' needs and investment objectives. During the initial client onboarding the Client will select an investment policy from one of the following five categories:

1. Income
2. Growth
3. Moderate Growth
4. Income with Growth; or
5. Aggressive Growth

Each investment policy will implement tactical and strategic asset allocation using no-load and/or load-waived mutual funds, exchange traded funds, and other liquid securities with the goal of compensating clients for the risks being taken. Refer to Item 8 of this brochure, *Methods of Analysis, Investment Strategies and Risk of Loss*, for additional disclosures on this topic.

If you participate in our portfolio management services, 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 granted by the investment advisory agreement you sign with our firm and/or the appropriate trading authorization forms.

You may limit our discretionary authority (for example, limiting the types of securities that can be purchased or sold for your account) by providing our firm with your restrictions and guidelines in writing.

Types of Investments

We primarily offer advice on Mutual Funds and ETFs. Refer to the *Methods of Analysis, Investment Strategies and Risk of Loss* below for additional disclosures on this topic.

Additionally, we may advise you on various types of investments based on your needs. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship.

Funds

Cargile Investment Management serves as the investment adviser to the Cargile Fund, (the "Mutual Fund") a non-diversified series of PFS Funds (the "Trust"). Cargile Investment Management also serves as the investment adviser to the Cargile Aggressive Investment Fund, LP (the "Partnership"), a Delaware limited partnership operating as a private investment partnership (the "Partnership" and together with the "Mutual Fund" the "Investment Funds").

Mutual Fund

The Trust is an open-end investment company established under the laws of Massachusetts. Cargile Investment Management has responsibility for the management of the Mutual Fund's affairs, under the supervision of the Trust's Board of Trustees. The Mutual Fund seeks to generate long-term capital appreciation under normal market conditions. The Mutual Fund invests primarily in exchange traded funds ("ETFs") and/or cash and cash equivalents. The prospectus for the Mutual Fund contains a complete description of the Mutual Fund, its strategies, objectives, costs, and risks. Before investing clients in the Mutual Fund, Cargile Investment Management will make a good faith determination about whether an investment would reasonably be appropriate by considering factors that may include but are not limited to the following: (1) the client's investment objectives; (2) the total amount of client assets currently being managed by Registrant; (3) the amount of anticipated future contributions that the client will make to the account(s) being managed by the Registrant; (4) the cost and efficiency of managing the client's assets including and excluding an investment in the Mutual Fund; and (5) the combined management fees and expense ratios of other non-affiliated mutual funds.

Partnership

The Partnership's investment objective is to preserve capital when stock markets trend lower and to leverage positions using of triple-leveraged (3x) ETFs when markets trend higher. The underlying ETFs generally invest in equity securities and other securities to emulate index performance. Cargile Investment Fund GP, LP (the "General Partner") serves as the General Partner of the Partnership and is primarily responsible for the management of the Partnership. Cargile Investment Management is responsible for the formulation and implementation of the Partnership's investment strategy, evaluation and monitoring investments by the Partnership and makes all investment decisions for the Partnership. Both the General Partner and Cargile Investment Management are controlled by Mickey Cargile.

The information provided herein summarizes the information provided in the Partnership's offering and/or organizational documents. Current Partnership investors or prospective investors in the Partnership should be aware of the substantial risks associated with the investment as well as the terms applicable to such investment. This and other information are provided in the Partnership offering and/or organizational documents.

Assets Under Management

As of December 31, 2021, Cargile Investment Management had approximately \$258,694,186 in discretionary assets under management for 144 clients, and \$ 2,011,235 in non-discretionary assets under management for 3 clients.

Item 5 Fees and Compensation

Portfolio Management Services

Our annual fee for portfolio management services varies between 0.25% to 2.0% 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, based on the balance at end of billing period.

Where you have authorized, we will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all custodial statements and fee deductions for accuracy. If you find any inconsistent information between our portfolio management fee and the statement(s) you receive from the qualified custodian, call our main office number located on the cover page of this brochure.

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.

You may terminate the portfolio management agreement upon 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.

Cargile Investment Management reserves the right to stop work on any account that is more than 30 days overdue. In addition, Cargile Investment Management reserves the right to terminate any agreement where a client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate, in Cargile Investment Management's judgment, to providing proper financial advice.

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 (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, refer to the *Brokerage Practices* section of this brochure.

Persons providing investment advice on behalf of our firm are licensed as insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate from our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of Cargile Investment Management who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. You are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

Investment Funds

Mutual Fund - Mutual funds charge operating expenses and investment management fees. As described in the Mutual Fund prospectus, Cargile Investment Management receives a 1.00% management fee from the Mutual Fund based upon the amount of assets invested in the Mutual Fund. In addition, as also described in the Mutual Fund prospectus, Cargile Investment Management receives an additional fee of 0.65% of the Fund's average daily net assets up to \$25 million, 0.35% of

the Fund's average daily net assets from \$25 million to \$100 million, and 0.25% of such assets in excess of \$100 million and is obligated to pay the operating expenses of the Fund excluding management fees, brokerage fees and commissions, 12b-1 fees (if any), taxes, borrowing costs (such as (a) interest and (b) dividend expenses on securities sold short), ADR fees, the cost of acquired funds and extraordinary expenses. Effective November 1, 2021, the Adviser has contractually agreed to waive Services Agreement fees by 0.10% of its average daily net assets through October 31, 2022. **Cargile Investment Management will waive its investment advisory fee described in Portfolio Management Services above with respect to any client assets invested in the Mutual Fund. Accordingly, Cargile Investment Management will only receive one layer of management fees—the investment management fee payable by the Mutual Fund. The client may direct Cargile Investment Management, in writing at any time, not to exercise its discretionary authority to place client assets in the Mutual Fund. The Chief Compliance Officer of the Mutual Fund, Julian Winters, remains available to address any questions regarding the above and any perceived conflict of interest.**

Partnership - Cargile Investment Management charges a management fee of 1.50% per annum of the closing capital account balance of each investor in the Partnership. The management fee is paid monthly in arrears and is deducted from the Partnership's account. In addition to the base management fee described above, the Partnership's General Partner, an affiliate of Cargile Investment Management through common ownership and control, is entitled to a performance based compensation of 20% of the net profit allocated to each investor during each calendar year, subject to a high water mark as described in the Partnership's offering documents. The Partnership will generally pay or reimburse all fees, costs, expenses and liabilities related to the operation of the Partnership, including the organizational expenses, investment-related expenses, research costs and expenses, legal expenses, accounting fees and audit expenses, administrative fees, governmental charges or fees, insurance premiums and other similar expenses as detailed in the Partnership offering documents and/or organizational documents. Investors must understand the method of compensation to Cargile Investment Management and its affiliates and its risks prior to investing in the Partnership. In General Partner's discretion, the management and/or the performance fee may be waived, reduced or calculated differently with respect to any investor in the Partnership, including affiliates of Cargile Investment Management.

Item 6 Performance-Based Fees and Side-by-Side Management

We manage accounts that are charged performance-based fees while at the same time managing accounts (perhaps with similar objectives) that are not charged performance-based fees ("side-by-side management"). Performance-based fees and side-by-side management create conflicts of interest, which we have identified and described in the following paragraphs.

Performance-based fees create an incentive for Cargile Investment Management to make investments that are riskier or more speculative than would be the case absent a performance fee arrangement. In order to address this potential conflict of interest, a senior officer of our firm periodically reviews client accounts to ensure that investments are suitable and that the account is being managed according to the client's investment objectives and risk tolerance.

Performance-based fees may also create an incentive for Cargile Investment Management to overvalue investments which lack a market quotation. To address such conflict, we have adopted policies and procedures that require our firm to "fairly value" any investments, which do not have a readily ascertainable value.

Side-by-side management might provide an incentive for Cargile Investment management to favor accounts for which we receive a performance-based fee. For example, we may have an incentive to allocate limited investment opportunities, such as initial public offerings, to clients who are charged

performance-based fees over clients who are charged asset-based fees only. To address this conflict

of interest, we have instituted policies and procedures that require our firm to allocate investment opportunities (if they are suitable) in an effort to avoid favoritism among our clients, regardless of whether the client is charged performance fees.

Performance-based fees will only be charged in accordance with the provisions of Rule 205-3 of the Investment Advisers Act of 1940.

Item 7 Types of Clients

Description

Cargile Investment Management generally provides investment advice to individuals, pension and profit-sharing plans, trusts, estates, or charitable organizations, corporations, registered investment companies and pooled investment vehicles.

Client relationships vary in scope and length of service.

Account Minimums

The minimum annual account fee is \$1,500.00. The minimum may be waived at the firm's sole discretion.

Cargile Investment Management retains the discretion to waive the account minimum. Smaller accounts may be established when the client and the advisor anticipate the client will add additional funds to the account(s). Other exceptions will apply to employees of Cargile Investment Management and their relatives, or relatives of existing clients.

The minimum initial capital contribution to the Partnership is \$250,000, subject to the General Partner's sole discretion to accept subscriptions for lesser amounts.

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

Methods of Analysis

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

Charting Analysis - involves the gathering and processing of price and volume pattern information for a particular security, sector, broad index or commodity. This price and volume pattern information is analyzed. The resulting pattern and correlation data are used to detect departures from expected performance and diversification and predict future price movements and trends.

Risk: Our charting analysis may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

Technical Analysis - involves studying past price patterns, trends and interrelationships in the financial markets to assess risk-adjusted performance and predict the direction of both the overall market and specific securities.

Risk: The risk of market timing based on technical analysis is that our analysis may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

Fundamental Analysis - involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company and its industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.

Risk: The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

Investment Strategies

Cargile Investment Management may use a strategic asset allocation utilizing a core and satellite approach. This means that we use passively managed index and exchange-traded funds as the core investments, and then add actively-managed funds where there are greater opportunities to make a difference. Portfolios are diversified in an attempt to control the risk associated with traditional markets.

The investment strategy for a specific client is selected during the initial client onboarding. The client may change this investment strategy at any time. Each new client executes an investment advisory agreement that documents their desired investment strategy.

Our strategies include long-term and short-term purchases.

The Partnership employs the following strategy:

Under normal market conditions, the Partnership invests in leveraged ETFs, cash and cash equivalents. The underlying ETFs generally invest in equity securities and other securities to emulate index performance. Cargile Investment Management allocates the Partnership's assets among asset classes including cash equivalents and equity ETF's based on a proprietary, trend analysis model. The trend analysis model is designed to identify a primary trend, or price direction, of stock index prices. Once a trend is identified, Cargile Investment Management will typically allocate the Partnership's assets among leveraged equity index ETFs and/or other cash equivalents. The allocation between asset classes will be determined by Cargile Investment Management's proprietary trend analysis.

Recommendation of Particular Types of Securities

We primarily recommend investment in mutual funds and exchange traded funds ("ETF"). However, we may advise on other liquid and exchange-traded securities as appropriate.

Each type of security has its own unique set of risks associated with it and it would not be possible to list here all 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 the investment.

Mutual funds and ETFs 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 ETFs 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. ETFs differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, 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 do 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 whereas "closed end" funds have a fixed number of shares to sell which can limit their availability to new investors.

ETFs may have tracking error risks. For example, the ETF investment adviser may not be able to cause the ETF's performance to match that of its Underlying Index or other benchmark, which may negatively affect the ETF's performance. In addition, for leveraged and inverse ETFs that seek to track the performance of their Underlying Indices or benchmarks daily, mathematical compounding may prevent the ETF from correlating with performance of its benchmark. In addition, an ETF may not have investment exposure to all the securities included in its Underlying Index, or its weighting of investment exposure to such securities may vary from that of the Underlying Index. Some ETFs may invest in securities or financial instruments that are not included in the Underlying Index, but which are expected to yield similar performance.

Risk of Loss

All investment programs, including the investment program of the Mutual Fund and the Partnership, have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Investors in the Partnership should understand that in addition to the risks listed above, an investment in the Partnership involves additional risks that are more specific to the Partnership. For example, the strategy of the Partnership involves significant risks, many of which are outside of our control. Investing in securities and other investments involves significant risks, including the risk that the Partnership could lose some or all of any invested capital. A description of risks that the Partnership may face in employing its strategy is set forth in this Item 8 of the Brochure. A more complete description of the risks associated with our strategy is included in the offering documents of the Partnership, a copy of which is provided to prospective investors in the Partnership and should be carefully reviewed prior to investing.

- **General Investment Risks:** The Partnership's success depends on Cargile Investment Management's ability to implement its investment strategy. Any factor that would make it more difficult to execute timely trades, such as a significant lessening of liquidity in a particular market, may also be detrimental to profitability. No assurance can be given that the investment strategies to be used by the Partnership will be successful under all or any market conditions.
- **Investment and Trading Risks:** All investments involve the risk of a loss of capital. No guarantee or representation is made that the Partnership's investment program will be successful, and investment results may vary substantially over time.
- **Equity Securities:** The value of the equity securities held by the Partnership is subject to market risk, including changes in economic conditions, growth rates, profits, interest rates and the market's perception of these securities.
- **Exchange Traded Funds:** In addition to bearing the risks related to investments in equity securities, investors in ETFs intended to replicate a securities index bear the risk that the ETFs performance may not correctly replicate the performance of the index. Investors in ETFs, closed-end funds and other investment companies bear a proportionate share of the expenses of those funds, including management fees, custodial and accounting costs, and other expenses. Trading in ETF and closed-end fund shares also entails payment of brokerage commissions and other transaction costs.
- **Derivative Investments:** Derivatives markets can be highly volatile. The profitability of investments by the Partnership in the derivatives markets depends on the ability of the Investment Manager to analyze correctly these markets, which are influenced by, among other things, changing supply and demand relationships, governmental, commercial and trade programs and policies designed to influence world political and economic events, and changes in interest rates. In addition, the assets of the Partnership may be pledged as collateral in derivatives transactions. Thus, if the Partnership defaults on such an obligation, the counterparty to such transaction may be entitled to some or all of the assets of the Partnership as a result of the default.
- **Systems Risks:** The Partnership depends on Cargile Investment Management to develop and implement appropriate systems for the Partnership's activities. The Partnership relies extensively on computer programs and systems to trade, clear and settle investment transactions, to evaluate investment opportunities and positions held based on real-time trading information, to monitor its portfolio and net capital, and to generate risk management and other reports that are critical to oversight of the Partnership's activities. The ability of its systems to accommodate an increasing volume of transactions could also constrain Cargile Investment Management's ability to manage the portfolio. In addition, certain of the Partnership's and Cargile Investment Management's operations interface with or depend on systems operated by third parties, including prime brokers and market counterparties and their respective sub-custodians, and other service providers, and Cargile Investment Management may not be in a position to verify the risks or reliability of such third party systems. These programs or systems may be subject to certain defects, failures or interruptions, including, but not limited to, those caused by worms, viruses and power failures. Any such defect or failure could have a material adverse effect on the Partnership.

- **Lack of Liquidity:** The Partnership's withdrawal provisions place certain restrictions on the right of a Limited Partner to withdraw all or part of its Interest, transfer its Interest and pledge or otherwise encumber its Interest. Thus, it is unlikely that a Limited Partner will be able to liquidate its Interest in the event of an unanticipated need for cash.
- **Portfolio Turnover:** The Partnership will engage in short-term trading. The objective of short-term trading is to take advantage of what Cargile Investment Management believes are changes in a market, industry or individual company. Short-term trading increases the Partnership's transaction costs, which could affect the Partnership's performance, and could result in higher levels of taxable realized gains to Limited Partners.

Item 9 Disciplinary Information

We are required to disclose any regulatory or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

On September 30, 2019, the SEC published IA Release No. 5389, an Order instituting Administrative and Cease and Desist Proceedings, pursuant to Sections 203(e) and 203(k) of the Investment Advisers Act of 1940 ("Advisers Act"), against Cargile Investment Management, Inc. Cargile Investment Management self-reported the violations to the SEC. The proceedings arose out of alleged breaches of fiduciary duty and inadequate disclosures by Cargile Investment Management in connection with its mutual fund share class selection practices and the 12b-1 fees Cargile Investment Management and/or its associated persons received. At times during the relevant period, Cargile Investment Management purchased for, recommended to, or held for advisory clients mutual fund share classes that charged 12b-1 fees instead of lower-cost share classes of the same funds for which the clients were eligible. Cargile Investment Management failed to disclose in its Form ADV or otherwise conflicts of interest related to the collection of such fees. As a result of the conduct, Cargile Investment Management willfully violated Sections 206(2) and 207 of the Advisers Act. Cargile Investment Management agreed to cease and desist from committing or causing any violations and any future violations of Sections 206(2) and 207 of the Advisers Act. Cargile Investment Management was censured, agreed to pay disgorgement plus interest of \$70,141.47 and shall comply with the undertakings described in the Offer of Settlement.

We are not aware of any other events warranting a materiality evaluation or disclosure in accordance with Rule 204-2(a)(14)(iii).

Item 10 Other Financial Industry Activities and Affiliations

The General Partner for the Partnership is related to Cargile Investment Management through common ownership and control. The General Partner shares the same executive officers with Cargile Investment Management.

Persons providing investment advice on behalf of our firm are licensed as insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate from our advisory fees. See the *Fees and Compensation* section in this brochure for more information on the compensation received by insurance agents who are affiliated with our firm.

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

Code of Ethics

The employees of Cargile Investment Management have committed to a Code of Ethics that is available for review by clients and prospective clients upon request. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

Participation or Interest in Client Transactions

Cargile Investment Management and its employees may buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades. Employees comply with the provisions of the Cargile Investment Management *Compliance Manual and Code of Ethics*.

Personal Trading

The Chief Compliance Officer of Cargile Investment Management is Mickey Cargile. He reviews all employee trades each quarter. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of the firm receive preferential treatment. Since most employee trades are small mutual fund trades or exchange-traded fund trades, the trades do not affect the securities markets.

Item 12 Brokerage Practices

Selecting Brokerage Firms

Cargile Investment Management has authority over the selection and amount of securities to be bought or sold, the broker or dealer to be used and the commission rates to be paid. We do not allow clients to direct us to execute transactions through a specified broker-dealer, but require the brokerage and custodial services of National Financial Services and/or Charles Schwab (whether one or more "Custodian"). Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. In recognition of the value of the services the Custodian provides, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

The brokerage practices for Mutual Fund Clients are disclosed in the respective Mutual Fund's statement of additional information.

The Partnership's accounts will be maintained with Interactive Brokers and with such other brokers and custodians as the General Partner may designate from time to time. In arranging for the execution of portfolio transactions on behalf of the Partnership, Cargile Investment Management seeks to obtain best execution at favorable prices on behalf of the Partnership. In selecting broker-dealers, Cargile Investment Management seeks those broker-dealers who can provide best execution of transactions under the circumstances. The principal factors determining this selection are: (1) a broker's ability to access markets and effectively execute transactions; and (2) the net prices for such transactions. "Best execution" is not synonymous with lowest brokerage commission. Consequently, in a particular transaction the Partnership may pay a brokerage commission more than that which another broker might have charged for executing the same transaction.

Consistent with our obligation to seek best execution, we may aggregate trade orders for clients (including the Investment Funds) when in our judgement such aggregation would result in administrative convenience or an overall economic benefit to the Partnership based on an evaluation that the Partnership is benefited by relatively better purchase or sale prices, lower commission expenses or beneficial timing of transactions or a combination of these and other factors, the Investment Manager may place "bunched orders" with respect to such trades.

While Cargile Investment Management generally makes portfolio decisions for similarly situated clients on an aggregated basis, it is not required to do so. We manage clients that may pursue one or more investment strategies and objectives. Allocations of investment opportunities among clients must be made in a fair and equitable manner.

Best Execution

We seek to recommend a custodian/broker that will hold your assets and execute transactions on terms that are, overall, the most favorable compared to other available providers and their services. We consider various factors, including:

- Capability to buy and sell securities for your account itself or to facilitate such services.
- The likelihood that your trades will be executed.
- Availability of investment research and tools.
- Overall quality of services.
- Competitiveness of price.
- Reputation, financial strength, and stability.
- Existing relationship with our firm and our other clients.

Cargile Investment Management reviews the execution of trades at each custodian each quarter. The review is documented as required by the Cargile Investment Management *Compliance Manual*. Trading fees charged by the custodians are also reviewed on a quarterly basis.

Soft Dollars

Cargile Investment Management does not receive soft dollars.

Economic Benefits

As a registered investment adviser, we have access to the institutional platform of your account custodian. As such, we will also have access to research products and services from your account custodian and/or other brokerage firm. These products may include financial publications, information about companies and industries, research software, and other products or services that provide lawful and appropriate assistance to our firm in the performance of our investment decision-making responsibilities. Such research products and services are provided to all investment advisers that utilize the institutional services platforms of these firms and are not considered to be paid for with soft dollars. However, you should be aware that the commissions charged by a particular broker for a particular transaction or set of transactions may be greater than the amounts another broker who did not provide research services or products might charge.

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.

Order Aggregation

We may aggregate trades at our discretion. Aggregated trades are allocated at an average price to all clients subject to the aggregation.

Schwab - Your Custody and Brokerage Costs

For our clients' accounts it maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. In addition to commission rates and/or asset-based fees Schwab charges you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities

sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account.

Schwab Adviser Services

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage - trading, custody, reporting and related services - many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts while others help us manage and grow our business. Schwab's support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us.

Services that Benefit You

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

Services that May Not Directly Benefit You

Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

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

Services that Generally Benefit Only Us

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- educational conferences and events;
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits such as occasional business entertainment of our personnel.

Our Interest in Schwab's Services

The availability of these services from Schwab benefits us because we do not have to produce or purchase them.

These arrangements give us an incentive to recommend that you maintain your account with Schwab based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. It is primarily supported by the scope, quality and price of Schwab's services (based on the factors discussed above) and not Schwab's services that benefit only us. We do not believe that maintaining our client's assets at Schwab for services presents a material conflict of interest.

Item 13 Review of Accounts

Periodic Reviews

Mickey Cargile, President/Chief Compliance Officer, and the Senior Portfolio Manager(s) monitors investment strategies and reviews all transactions on a daily basis.

Reviews are performed more frequently when market conditions dictate, as well as when requested by the client.

Clients may request a dedicated account review to discuss their account and investments at any time.

Review Triggers

Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's situation.

Regular Reports

We will not provide you with regular written reports. You will receive trade confirmations and monthly or quarterly statements from your account custodian(s).

Cargile Investment Management delivers audited financial reports to Partnership's investors annually within 120 days after fiscal year-end. The audits are performed by an independent, certified public accountant that is both registered with and subject to regular inspections by the Public Companies Accounting Oversight Board (PCAOB). Investors in the Partnership will also receive unaudited performance reports and such other information as the General Partner determines monthly.

Item 14 Client Referrals and Other Compensation

Incoming Referrals

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

Referrals Out

Cargile Investment Management does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

Charles Schwab & Co., Inc. - Institutional

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see *Item 12 - Brokerage Practices*). The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

Item 15 Custody

Fee Deductions

All assets are held at qualified custodians. As paying agent for our firm, your independent custodian will directly debit your account(s) for the payment of Cargile Investment Management's advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your assets will be maintained by an unaffiliated, qualified custodian. Your assets are not held by our firm or any associate of our firm. The custodian provides no less than quarterly account statements directly to clients at their address of record. 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.

Performance Reports

Clients are urged to compare the account statements received directly from their custodians to any report provided by Cargile Investment Management.

Standing Letter of Authorization

At the request of the client, Cargile Investment Management, or persons associated with our firm, will effect transfers from client accounts to one or more third parties as designated in writing by the client. This transfer can be completed without Cargile Investment Management obtaining written client consent for each separate, individual transaction, if the client has provided us with written authorization to do so. Such written authorization is known as a Standing Letter of Authorization. An adviser with authority to conduct such third-party transfers has access to the client's assets, and therefore has custody of the client's assets in any related accounts. However, we do not have to obtain a surprise annual audit, as we otherwise would be required to by reason of having custody, as long as we meet the following criteria:

1. You provide a written, signed instruction to the qualified custodian that includes the third party's name and address or account number at a custodian;
2. You authorize us in writing to direct transfers to the third party either on a specified schedule or from time to time;
3. Your qualified custodian verifies your authorization (e.g., signature review) and provides a transfer of funds notice to you promptly after each transfer;
4. You can terminate or change the instruction;
5. We have no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party;
6. We maintain records showing that the third party is not a related party to us nor located at the same address as us; and
7. Your qualified custodian sends you, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

Partnership

Because Cargile Investment Management is affiliated with the Partnership's General Partner through common ownership and control, we are deemed to have custody of client assets under current applicable regulatory interpretations. Consequently, the Partnership is audited on an annual basis by an independent public accountant that is both registered with and subject to regular inspection by the Public Company Accounting Oversight Board (PCAOB). Cargile Investment Management sends the audited financial statements to each Partnership investor within 120 days of the Partnership's fiscal year end. If you are a Partnership investor and have questions regarding the financial statements or if you did not receive a copy, contact us directly at the telephone number on the cover page of this Brochure.

Item 16 Investment Discretion

Discretionary Authority for Trading

Cargile Investment Management accepts discretionary authority, by way of the executed investment advisory agreement, to manage securities accounts on behalf of clients. With discretionary authority, Cargile Investment Management has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. Before we can buy or sell securities on your behalf, you must first sign our discretionary investment advisory agreement and/or the appropriate trading authorization forms.

As investment adviser to the Investment Funds, Cargile Investment Management is granted discretionary authority in the relevant organizational documents and/or advisory agreements to determine which investments to make and the amounts of the investments to be made on behalf of the Investment Funds. Our investment decisions and advice with respect to each Investment Fund are subject to each Investment Fund's investment objectives and guidelines, as set forth in its offering documents.

Cargile Investment Management will consult with a client prior to each trade to obtain concurrence if discretionary authority has not been granted.

Discretionary trading authority facilitates placing trades in your accounts on your behalf so that we may implement and maintain the investment strategy that you have approved in writing.

Item 17 Voting Client Securities

Proxy Votes

Cargile Investment Management does not vote proxies on securities for individual Clients. Clients are expected to vote their own proxies.

When assistance on voting proxies is requested, Cargile Investment Management will provide advice Clients to vote "abstain". If a conflict of interest exists, it will be disclosed to the Client.

The proxy voting guidelines for Investment Fund investors can be found in the respective statement of additional information and/or offering or organizational documents.

Item 18 Financial Information

Financial Condition

Cargile Investment Management does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

A balance sheet is not required to be provided because Cargile Investment Management does not

serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$1,200 per client, and six months or more in advance.

Item 19 Business Continuity Plan

General

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

Disasters

The Business Continuity Plan covers natural disasters such as snowstorms, hurricanes, tornadoes, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, T-1 communications line outage, Internet outage, railway accident and aircraft accident. Electronic files are backed up daily and archived offsite.

Alternate Offices

Alternate offices are identified to support ongoing operations in the event the main office is unavailable. It is our intention to contact all clients within five days of a disaster that dictates moving our office to an alternate location.

Loss of Key Personnel

Cargile Investment Management maintains a Business Continuation plan that addresses the loss of key personnel including Mickey Cargile.

Item 20 Information Security Program

Information Security

Cargile Investment Management maintains an information security program to reduce the risk that your personal and confidential information may be breached.

Privacy Notice

Cargile Investment Management is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us.

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

With your permission, but only with your permission, we may disclose limited information to attorneys, accountants, and mortgage lenders with whom you have established a relationship. You may opt out from our sharing information with these nonaffiliated third parties by notifying us at any time by telephone at 432-617-1394, mail, fax 432-570-8117, email Mickey@CargileInvestments.com or in person. With your permission, we share a limited amount of information about you with your brokerage firm in order to execute securities transactions on your behalf.

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

We do not provide your personal information to mailing list vendors or solicitors. We require strict

confidentiality in our agreements with unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors.

Federal and state securities regulators may review our Company records and your personal records as permitted by law.

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

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