

**Charles D. Hyman & Company**  
I N V E S T M E N T   C O U N S E L

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

**Charles D. Hyman & Company**

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This brochure provides information about the qualifications and business practices of Charles D. Hyman & Company. If you have any questions about the contents of this brochure, please contact us at 904-543-0360 or [celeste@charlesdhyman.com](mailto:celeste@charlesdhyman.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.

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Additional information about Charles D. Hyman & Company also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 105923.

## Item 2 Material Changes

This Form ADV Part 2 ("Disclosure Brochure") provides you with a summary of Charles D. Hyman & Company's ("the Firm" or "CDH & Co.") advisory services and fees, professionals, certain business practices and policies, as well as potential conflicts of interest, among other things. This Item is used to provide our clients with a summary of new and/or updated information as follows:

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

The last annual updating amendment dated March 2022, has been updated as of March 2023. Material changes since the last update include:

- Item 4 to specifically address retirement plan rollovers or transfers that are covered under a new Department of Labor ("DOL") rule and related Exemption 2020-02 ("PTE 2020-02").

Additionally, we have made other changes, some of which may clarify or enhance existing disclosures, but we do not consider these other changes to be material.

3. Delivery: This revised Disclosure Brochure will be available on the SEC's public disclosure website (IAPD) at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Clients may contact our office by email or at the number listed on the cover page of this brochure to obtain a copy. When we make our annual update, we will provide you with a summary of the changes along with an offer to deliver the full revised Disclosure Brochure within 120 days of our FYE, or we will provide you with our revised Disclosure Brochure that will include a summary of those changes in this Item.

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## **Item 4      Advisory Business**

Charles D. Hyman & Company is an SEC-registered investment adviser with its principal place of business located in Florida. The Firm began conducting business in 1994.

Listed below are the Firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company):

1) Charles D. Hyman ("Mr. Hyman")

We offer the following advisory services to our clients:

### **INDIVIDUAL PORTFOLIO MANAGEMENT**

Our Firm provides continuous asset management of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on the client's particular circumstances are established, we develop the client's personal investment policy. We create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we may also review and discuss a client's prior investment history, as well as family composition and background.

We manage these advisory accounts on a discretionary or non-discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

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

Once the client's portfolio has been established, we review the portfolio periodically and, if necessary, rebalance the portfolio based on the client's individual needs.

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

- Exchange-listed securities
- Securities traded over the counter
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Municipal securities
- Mutual fund shares
- United States government securities

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

### **CONSULTING SERVICES**

In addition to individual Portfolio Management, we also offer general consulting services on a negotiated fee basis. This may include special projects, analysis or advice on a specific investment or portfolio, providing education such as in seminars, or other advisory services. If you engage us for consulting services, we will enter into an agreement with you setting forth the terms and conditions of our engagement, describing the scope of services to be provided and memorializing our fee.

### **IRA Rollover Recommendations**

For the purpose of complying with the DOL's Prohibited Transaction Exemption 2020-02 ("PTE 2020-02"), when applicable, we are providing the following acknowledgment to clients. When we provide investment advice to clients regarding their retirement plan account or individual retirement account, we are a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates conflicts with clients' interests. We operate under an exemption that requires us to act in the clients' best interest and not put our or our employees' interests ahead of the clients. Under this exemption, we must:

- meet a professional standard of care when making investment recommendations (give prudent advice),
- never put our or our employees' financial interests ahead of the clients when making recommendations (give loyal advice),
- avoid making misleading statements about conflict of interests, fees, and investments,
- follow policies and procedures designed to ensure that we and our employees give advice that is in the clients' best interest,
- charge no more than is reasonable for our services, and
- give the clients basic information about conflict of interests.

We benefit financially from the rollover of the clients' assets from a retirement account to an account that we manage or advice because the clients' assets increase the assets we manage and, consequently, our advisory fees. As a fiduciary, we only recommend a rollover when we and our employees believe it is in the client's best interest.

### **AMOUNT OF MANAGED ASSETS**

As of 12/31/2022, we were actively managing \$1,944,111,673 of clients' assets on a discretionary basis plus \$26,095,068 of proprietary assets on a non-discretionary basis.

## Item 5 Fees and Compensation

### PORTFOLIO MANAGEMENT SERVICES FEES

The annualized fee for Portfolio Management Services will be charged as a percentage of assets under management, according to the following schedule:

<b><u>Assets Under Management</u></b>	<b><u>Annual Fee</u></b>
on first \$1,000,000	1.00%
on next \$4,000,000	0.75 of 1.00%
on assets over \$5,000,000	0.50 of 1.00%

The annual fee can be negotiated, at our sole discretion, on a case-by-case basis. Therefore, clients with similar assets under management and investment objectives may pay significantly higher or lower fees than other clients. Our fees are calculated on the last business day of the previous quarter.

In certain circumstances, we may charge a flat fee or negotiate an alternative fee, and/or we may group certain related client accounts to determine the annual fee.

For accounts opened or new deposits made within the first 45 days of the quarterly billing cycle, fees will be billed on a pro rata basis. For accounts opened or new deposits made after the first 45 days of the quarterly billing cycle, fees will be waived for the first quarter. Funds withdrawn for purposes other than termination of the management agreement will not be subject to proration and no credits on advisory fees will be issued.

**Limited Negotiability of Advisory Fees:** Although the Firm has established the fee schedule(s) above, we retain the discretion to negotiate alternative fees on a client-by-client basis. Client circumstances and needs will be considered in determining the fee. This will include consideration of the complexity of the client's circumstances, assets to be managed, anticipated future additional assets, related accounts, portfolio style, account composition, and reports, among other factors. All fee arrangements are detailed in the Investment Advisory Agreement that is executed by and between the Firm and the client.

Discounts not generally available to our advisory clients may be offered to family members and friends of persons associated with our firm.

### GENERAL INFORMATION

**Termination of the Advisory Relationship:** A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days' written notice. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement, we will prorate the reimbursement according to the number of days remaining in the billing period plus the 30-day notice period.

**Mutual Fund Fees:** All fees paid to the Firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their

shareholders. These fees and expenses are described in each fund's prospectus and will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial situation and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of the fees they will be charged and to assess the added value of the advisory services we provide.

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

***Advisory Fees in General:*** Clients should note that similar advisory services may be available from other investment advisers for similar or lower fees.

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

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

We do not charge performance-based fees or engage in side-by-side management.

## **Item 7      Types of Clients**

We provide advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Pension and profit-sharing plans (other than plan participants)
- Charitable organizations
- Retirement accounts

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

### METHODS OF ANALYSIS

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

***Fundamental Analysis.*** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). We also listen to webcasts with management and track current news items via internet.

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

***Technical Analysis.*** We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement. We look at charts available on internet financial research sites as well as investment publications.

***Asset Allocation.*** Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

***Mutual Fund and/or ETF Analysis.*** We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in other fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.



**Risks for all forms of analysis.** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

**System Failures and Reliance on Technology Risks.** Our investment strategies, operations, research, communications, risk management, and back-office systems rely on technology, including hardware, software, telecommunications, internet-based platforms, and other electronic systems. Additionally, parts of the technology used are provided by third parties and are, therefore, beyond our direct control. We seek to ensure adequate backups of hardware, software, telecommunications, internet-based platforms, and other electronic systems, when possible, but there is no guarantee that our efforts will be successful. In addition, natural disasters, power interruptions and other events may cause system failures, which will require the use of backup systems (both on- and off-site). Backup systems may not operate as well as the systems that they back-up and may fail to properly operate, especially when used for an extended period. To reduce the impact a system failure may have, we continually evaluate our backup and disaster recovery systems and perform periodic checks on the backup systems' conditions and operations. Despite our monitoring, hardware, telecommunications, or other electronic systems malfunctions may be unavoidable, and result in consequences such as the inability to trade for or monitor client accounts and portfolios. If such circumstances arise, the Investment Committee will consider appropriate measures for clients.

**Cybersecurity Risk.** A portfolio is susceptible to operational and information security risks due to the increased use of the internet. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyberattacks include, but are not limited to, infection by computer viruses or other malicious software code, gaining unauthorized access to systems, networks, or devices through "hacking" or other means for the purpose of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cybersecurity failures or breaches by third-party service providers may cause disruptions and impact the service providers' and our business operations, potentially resulting in financial losses, the inability to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement, or other compensation costs, and/or additional compliance costs. While we have established business continuity plans and risk management systems designed prevent or reduce the impact of such cyberattacks, there are inherent limitations in such plans and systems due in part to the everchanging nature of technology and cyberattack tactics.

**Pandemic Risks.** The recent outbreak of the novel coronavirus rapidly became a pandemic and has resulted in disruptions to the economies of many nations, individual companies, and the markets in general, the impact of which cannot necessarily be foreseen at the present time. This has created closed borders, quarantines, supply chain disruptions and general anxiety, negatively impacting global markets in an unforeseeable manner. The impact of the novel coronavirus and other such future infectious diseases in certain regions or countries may be greater or less due to the nature or level of their public health response or due to other factors. Health crises caused by the recent coronavirus outbreak or future infectious diseases may exacerbate other pre-existing political, social,

and economic risks in certain countries. The impact of such health crises may be quick, severe and of unknowable duration. These pandemic and other epidemics, and pandemics that may arise in the future could result in continued volatility in the financial markets and could have a negative impact on investment performance.

## **INVESTMENT STRATEGIES**

We use the following strategy(ies) in managing client accounts, provided that such strategy(ies) is (are) appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

***Long-term purchases.*** We purchase securities with the idea of holding them in the client's account for a year or longer. Typically, we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

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

The above list of risk factors is not intended to be a complete list or explanation of the risks involved in an investment strategy. In addition, due to the dynamic nature of investments and markets, strategies may be subject to additional and different risk factors not discussed above.

## **Item 9      Disciplinary Information**

We are required to disclose any legal 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.

Neither our firm nor our management personnel have reportable disciplinary events to disclose.

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

Our firm and our related persons are not engaged in other financial industry activities and have no other industry affiliations. However, Mr. Hyman is currently serving on the Board of Directors of two publicly traded companies:

1. Fidus Investment Corporation ("FDUS"). FDUS is a publicly traded business development company engaged in mezzanine equity and debt financing. Mr. Hyman is the Chairman of the Nominating and Corporate Governance Committee and a member of the Audit Committee.

2. Patriot Transportation Holdings, Inc. ("PATI"). PATI is publicly traded company that focuses on trucking services in the southeastern United States. Mr. Hyman serves on the Board's Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee. He serves as Committee Chair of the Nominating and Corporate Governance Committee.

Mr. Hyman's role with these companies represents a potential conflict of interest when he invests, or recommends investment of, client assets into these companies. Mr. Hyman is compensated for his roles on the Boards of these companies and, therefore, has an incentive to see them prosper. To address this conflict, the Firm has created policies and procedures to monitor all client trading and holdings to ensure that client's investment objectives are being met and all potential conflicts are properly disclosed.

While serving on the Board of these companies, Mr. Hyman may become privy to "non-public" information. This would restrict him from purchasing or selling shares in these companies during certain time periods. In these situations, Mr. Hyman would not be able to make purchases or sales for clients who are invested in these companies at certain times to take advantage of favorable market conditions or when market conditions are unfavorable, or when a client requests access to their funds that are invested in these companies. To address this conflict, the firm has policies and procedures in place to monitor client's exposure to these companies' securities in order to mitigate the need to liquidate such holdings in a short period of time.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal and state securities laws, rules, and regulations.

Our Firm and our personnel owe a duty of loyalty, fairness, and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but also to the general principles embedded in the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions as well as initial and annual securities holdings that must be reported by the Firm's access persons. Additionally, our Code of Ethics requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement, and the maintenance of records.

Our Code of Ethics further includes a policy prohibiting the use of material non-public information. While we do not believe we have access to material non-public information (except as noted above for Mr. Hyman), all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients

upon request. You may request a copy by email sent to celeste@charlesdhyman.com, or by calling us at 904-543-0360.

Our Firm and individuals associated with our Firm are prohibited from engaging in principal transactions and agency cross transactions.

Our Code of Ethics is designed to assure that the personal securities transactions, activities, and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own personal accounts.

Our Firm and/or individuals associated with our Firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients and may have an interest or position in a certain security or securities that they may also recommend to a client.

We seek to minimize conflicts of interest with clients by adopting a trading policy that states:

*Charles D. Hyman & Company, employees and related accounts must observe a forty-eight (48) hour "black-out" period that prohibits the transactions in a security in which a trade has taken place in a client(s) account.*

This policy is waived under two circumstances: 1) if employees or related accounts participate in a block transaction where all securities are allocated to all involved accounts at or near the same price; and 2) where personal securities transactions meet our de minimis exemption. Our de minimis exemption allows employees and related accounts to execute any transaction of one thousand (1,000) or fewer shares of an issuer that has at least \$1 billion in market capitalization without being subject to the "black-out" period.

We may aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these situations, participating clients will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In situations where there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts will be included in the pro-rata allocation.

As these situations represent potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations, and to provide our clients and potential clients with full and fair disclosure of such conflicts of interest:

1. No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
2. No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.

3. It is the expressed policy of our firm that no employee may purchase or sell any security prior to a transaction(s) being implemented for an advisory account within the forty-eight (48) hour "black-out" period (subject to the exemptions noted previously).
4. Our firm requires prior approval for investment in an IPO or private placement by employees or related persons of the Firm.
5. We established procedures for the maintenance of all required books and records.
6. All of our principals and employees must act in accordance with all applicable federal and state regulations governing investment advisers.
7. We provide each employee of our firm with a copy of our Code of Ethics, and we require their written acknowledgment.
8. We established policies requiring that Code of Ethics violations be reported to our senior management.
9. Any employee who violates any of the above restrictions may be subject to termination.

#### Charitable Contributions

From time to time, the Firm donates to charitable organizations that are affiliated with clients, are supported by clients, and/or are supported by an individual employed by one of our clients. In general, such donations are made in response to requests from clients, or their personnel. Because our contributions may result in the recommendation of our Firm or our services, such contributions may raise a potential conflict of interest. As a result, we monitor the dollar amount and frequency of charitable contributions and require that contributions are made directly to the charitable organization (normally a 501(c)(3) organization). No contribution will be made if the contribution implies that continued or future business with the Firm depends on making such contribution.

#### Political Contributions

Corporate and employees' political contributions to U.S. or non-U.S. government officials, if not prohibited by law or regulation, may violate Advisers Act Rule 206(4)-5, the "pay to play" rule, or raise potential conflicts of interest. As a result, we maintain policies and procedures that generally limit the number of contributions to political candidates or elected officials. Employees are not permitted to make political contributions on behalf of the Firm or use corporate assets without approval. Such contributions are regularly monitored for compliance with Rule 206(4)-5.

### **Item 12 Brokerage Practices**

Charles D. Hyman & Company will endeavor to select those brokers or dealers that will provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on the broker's stability, reputation, ability to provide professional services, competitive commission rates and prices, research, trading platform, and other

services which will help the Firm in providing investment management services to clients. Charles D. Hyman & Company may, therefore, recommend the use of (or use) a broker who provides useful research and securities transaction services even though a lower commission may be charged by a broker who offers no research services and minimal securities transaction assistance. Research services may be useful in servicing all our clients, and not all of such research may be useful for the account for which the particular transaction was effected.

If no brokerage firm is specified by the client, the Firm will choose the broker or dealer to execute each transaction based on the commission rate charged by and the execution capabilities of the broker or dealer. We will also consider the availability of the securities in question in determining the broker or dealer through which a transaction is executed. In addition, in order to establish and maintain contacts and relationships with various brokerage firms, Charles D. Hyman & Company generally plans to execute transactions with other brokerage firms.

The Firm plans to receive portfolio software and direct quote/research and exchange software, both of which will be directly related to its investment advisory services. The Firm's clients generally will not pay commissions higher than those obtainable from other brokers in return for the products and research. The products and research will be used to service all of the Firm's accounts. Receipt of products and research will not be a factor in directing client transactions to a particular broker, instead the Firm will continue to use the same procedures discussed in the paragraph above.

Charles D. Hyman & Company is not a broker but has assisted clients in isolated incidents to arrange block trades of securities. In every instance, a registered broker is involved to effect the transactions and the Firm does not receive compensation from a broker for its efforts. Thus, the Firm does not effect, but rather manages the transactions for its clients.

Charles D. Hyman & Company may be restricted in its efforts to obtain volume discounts, best execution, etc., if the client directs the Firm to use specific brokers.

The Firm plans to seek a commission rate discount of 30% to 98% of the posted rate from full-service brokers who effect securities transactions for clients' accounts. However, the execution capabilities of a broker will be considered in combination with the commission rate discount in selecting a brokerage firm through which a securities transaction is effected. Charles D. Hyman & Company will not select brokerage firms to effect transactions for clients' accounts based solely upon the receipt of research services or other products. The factors generally to be considered in directing brokerage transactions to specific brokers are the commission discounts offered by and the execution capabilities of the broker, together with the availability of the particular security being purchased. Any research services furnished through a broker may be used in serving accounts other than those which paid commissions to such broker.

We no longer have any soft dollar arrangements.

Charles D. Hyman & Company will aggregate trades where possible and when advantageous to clients. When doing so, transaction costs will be shared equally and on a pro-rated basis between all accounts included in the transaction.

Aggregating trades may allow us to execute equity trades in a more timely, equitable manner, at an average share price. The Firm will typically aggregate trades among clients whose accounts can be traded at a given broker, and generally will rotate or vary the order of brokers through which it places trades for clients on any particular day. The Firm's trade aggregation policy and procedures are as follows:

- 1) Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement or our firm's order allocation policy.
- 2) The trading desk, in concert with the portfolio manager, must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.
- 3) The portfolio manager must reasonably believe that the order aggregation will benefit and will enable the Firm to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct from a "20-20 hindsight" perspective.
- 4) Prior to entry of an aggregated order, a written order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.
- 5) If the order cannot be executed in full at the same price or time, the securities purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.
- 6) Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order and must share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.
- 7) If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.

- 8) The Firm's client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.
- 9) Funds and securities for aggregated orders are clearly identified on the Firm's records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.
- 10) No client or account will be favored over another.

Charles D. Hyman & Company recommends that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab"), a FINRA registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although we recommend that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. Charles D. Hyman & Company is independently owned and operated and not affiliated with Schwab.

Schwab provides the Firm with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab Institutional. These services are not contingent upon our firm committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For our client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab Institutional also makes available to our firm other products and services that benefit Charles D. Hyman & Company but may not directly benefit our clients' accounts. Many of these products and services may be used to service all or some substantial number of our client accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist us in managing and administering our clients' accounts include software and other technology that:

- 1) provide access to client account data (such as trade confirmations and account statements),
- 2) facilitate trade execution and allocate aggregated trade orders for multiple client accounts, provide research, pricing, and other market data,
- 3) facilitate payment of our fees from clients' accounts, and



- 4) assist with back-office functions, recordkeeping and client reporting.

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

- 1) compliance, legal and business consulting,
- 2) publications and conferences on practice management and business succession, and
- 3) access to employee benefits providers, human capital consultants and insurance providers.

Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to the Firm. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third party providing these services to our firm. Schwab Institutional may also provide other benefits such as educational events or occasional business entertainment of our personnel. In evaluating whether to recommend or require that clients custody their assets at Schwab, we may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

## **Item 13    Review of Accounts**

### **PORTFOLIO MANAGEMENT SERVICES**

**REVIEWS:** While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, the accounts are reviewed periodically. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political, or economic environment.

These accounts are reviewed by Charles D. Hyman

**REPORTS:** In addition to the monthly statements and confirmations of transactions that Portfolio Management Services clients receive from their broker-dealer, Charles D. Hyman & Company will provide quarterly reports summarizing account performance, balances, and holdings.

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

It is the Firm's policy not to engage solicitors or to pay related or non-related persons for referring potential clients to our firm.

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

In the past, the Firm received client referrals from Charles Schwab & Co., Inc. ("Schwab") through the Firm's participation in Schwab Advisor Network ("the Service"). That Service was designed to help investors find an independent investment advisor. The Firm paid Schwab for client referrals through the Service. This practice was fully terminated on June 3, 2005.

## **Item 15    Custody**

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts.

We do not hold any client funds or securities. Client assets are held at a qualified custodian. However, we are deemed to have custody when clients authorize us to deduct our management fees directly from their account(s) with the custodian.

We are also deemed to have custody when clients have standing letters of authorization ("SLOAs") with their custodian to move money from their account to a third party, and the SLOA authorizes us to instruct the custodian as to the amount or timing of the transfers. The SEC has set forth a set of standards intended to protect client assets in such situations, which we follow.

With respect to our billing process, we advise the client's custodian of the amount of the fee to be deducted. The custodian will send account statements to clients at least quarterly. The account statements will show the funds and securities held by the custodian, any transactions that occurred in the client's account, and the deduction of our fee. We reconcile all balances shown by the custodian to our internal records.

Because the custodian does not calculate the amount of the fee to be deducted, clients should carefully review the account statements received from the custodian and compare them with any statements they receive from us to verify the accuracy of the calculation, among other things. Clients should contact us directly at the address or phone number on the cover of this brochure with any questions about their statements or if they believe there may be an error in their statements. Clients should also notify us if they do not receive the account statements, at least quarterly, from the qualified custodian.

In addition to the monthly statements that clients receive directly from their custodian(s), we also send account statements directly to our clients on a quarterly basis and indicate the amount of the fee to be deducted. We urge our clients to carefully compare the information provided in these statements to ensure that all account transactions, holdings and values are correct and current.

## Item 16 Investment Discretion

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission for the specific transaction.

Our discretionary authority includes the ability to do the following:

- Determine the security to buy or sell; and
- Determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement with our firm and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by providing us with written instructions.

## Item 17 Voting Client Securities

We vote proxies for all client accounts; however, clients always have the right to vote proxies themselves. Clients can exercise this right by instructing us in writing to not vote proxies in their account(s).

We will vote proxies in the best interest of our clients and in accordance with our established policies and procedures. Our firm will retain all proxy voting books and records for the requisite period of time, including a copy of each proxy statement received, a record of each vote cast, a copy of any document created by us that was material to making a decision on how to vote proxies, and a copy of each written client request for information on how we voted. If our firm has a conflict of interest in voting on a particular action, we will notify the client of the conflict and retain an independent third party to cast a vote.

Clients may obtain a copy of our complete proxy voting policies and procedures by contacting Celeste R. Beale by telephone, email, or in writing. Clients may request, in writing, information on how proxies for his/her shares were voted. If any client requests a copy of our complete proxy policies and procedures or how we voted proxies for his/her account(s), we will promptly provide such information to the client.

You can instruct us to vote proxies according to a criteria (for example, to always vote with management, or to vote for or against a proposal to allow a so-called "poison pill" defense against a possible takeover). These requests must be made in writing. You can also instruct us on how to cast your vote in a particular proxy contest by contacting us directly.

Charles D. Hyman & Company will review all proposals on a case-by-case basis. Final determination of the vote will be in the best interest of the client. In most cases we will vote in favor of the director's recommendations, below are reasons when this would not be the case.

### A. Corporate governance:

Unless exceptional circumstances exist, we will vote against proposals that make it more

difficult to replace Board members.

**B. Takeover defense and related actions:**

Generally, we will vote against proposals that make it more difficult for a Company to be taken over by outsiders, and in favor of proposals to do the opposite.

**C. Capital structure:**

Generally, we will vote against proposals to move the company to another state less favorable to shareholders interests.

**D. Incentive Stock Award Programs:**

We will vote against incentive stock awards that act to concentrate significant amounts of stock in the hands of upper management.

**E. Conflicts of Interest:**

Due to the nature of our business and its small size, it is unlikely that conflicts of interest will arise in voting the proxies of public companies. If it is decided that there is a conflict that is addressed under any of the sections above, the proxy will be voted strictly according to the guidelines set forth above. If this does not resolve the conflict of interest, then the conflict will be disclosed to the beneficial owner(s) of the account, and their consent must be obtained before the proxy is voted.

**Record of Shareholder Proxy Voting.**

Copies of all proxy votes will be available to our clients at our office. A list of all companies held as of the end of each calendar year will be maintained in the Proxy Voting file. Our voting record will be available free of charge by calling 800-834-1350.

**Class Actions**

We will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, we will make commercially reasonable efforts to forward such notices in a timely manner.

**Item 18 Financial Information**

As an advisory firm that maintains discretionary authority for client accounts, we are also required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations.

Charles D. Hyman & Company has no additional financial circumstances to report.

Under no circumstances do we require or solicit payment of fees more than \$1200 per client more than six months in advance of services rendered. Therefore, we are not

required to include a financial statement.

Charles D. Hyman & Company has not been the subject of a bankruptcy petition at any time during the past ten years.

## **OTHER MATTERS:**

### **1. Privacy Policy Notice**

At Charles D. Hyman & Company, we are committed to protecting your personal financial information. We recognize our obligation to keep information about you secure and confidential. We are committed to your financial well-being. Protecting the privacy and security of the information you share with us is included in our commitment. You trust us with your personal and financial information, and we'll honor that trust by handling your information carefully and sensibly. This Privacy Policy Notice describes how we collect and use the personal financial information of our consumers.

In this notice we refer to Non-Public Personal Information as Personal Information.

### **What Information We Collect**

We collect personal information in order to conduct business and deliver service in the following way:

- The information we collect in order to complete a form, or an application is your name, address, social security number, assets, income needs and investment objectives.
- The information that we collect about your transactions in order to manage your account includes balances, positions, and history.

### **What Information We Disclose**

- We do not disclose any financial information about you to anyone, except as required by law.
- We will always honor our Privacy Policy even if you decide to terminate our relationship.
- We will not sell your personal information to anyone.

We restrict access to your financial information to those employees who need to use it for business purposes only. We train our employees to safeguard all information. We maintain physical, electronic, and procedural safeguards that comply with federal standards to guard your personal information.

If you have any questions or concerns about our privacy practices or the way your information will be maintained and used, please call us at (904) 543-0360 or toll free (800) 834-1350.

### **2. Trade Error Policy**

From time-to-time Charles D. Hyman & Company may make an error in submitting a trade order on your behalf. When this occurs, Charles D. Hyman & Company may place a correcting trade with the broker-dealer which has custody of your account. If an investment gain results from the correcting trade, the gain will remain in your account unless the same error involved other client account (s) that should have received the gain, it is not permissible for you to retain the gain, or we can confer with you and you decide to forgo the gain (e.g., due to tax reasons). If the gain does not remain in your account and Charles

Schwab is the custodian, Schwab will donate the amount of any gain \$100 and over to charity. If a loss occurs greater than \$100, Charles D. Hyman & Company will pay for the loss. Schwab will maintain the loss or gain (if such gain is not retained in your account) if it is under \$100 to minimize and offset its administrative time and expense. Generally, if related trade errors result in both gains and losses in your account, they may be netted.

Should Schwab not be the custodian, Charles D. Hyman & Company will adhere to the respective custodian trade error policies.

### **3. Whistleblower Policy**

**Reporting Responsibility:** It is the responsibility of all employees to report violations or suspected violations in accordance with the Whistleblower Policy.

**No Retaliation:** No employee who in good faith reports a violation shall suffer harassment, retaliation, or adverse employment consequence. An employee who retaliates against someone who has reported a violation in good faith is subject to discipline up to and including termination of employment. This Whistleblower Policy is intended to encourage and enable employees to raise serious concerns within Charles D. Hyman & Co. prior to seeking resolution outside Charles D. Hyman & Co.

**Reporting Violations:** Charles D. Hyman & Co. has an open-door policy and suggests that employees share their questions, concerns, suggestions or complaints with someone who can address them properly. In most cases, the CCO is in the best position to address the area of concern. However, if you are not comfortable speaking with the CCO or you are not satisfied with your response, you are encouraged to speak with anyone in management whom you are comfortable in approaching. The CCO is required to report suspected violations and has the responsibility to investigate all reported violations.

**Compliance Officer:** Charles D. Hyman's Compliance Officer is responsible for investigating and resolving all reported complaints and allegations concerning violations, at his discretion, shall advise the CEO.

**Acting in Good Faith:** Anyone filing a complaint concerning a violation or suspected violation must be acting in good faith and have reasonable grounds for believing the information disclosed indicates a violation. Any allegations that prove not to be substantiated and which prove to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense.

**Confidentiality:** Violations or suspected violations may be submitted on a confidential basis by the complainant or may be submitted anonymously. Reports of violations or suspected violations will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.

**Handling of Reported Violations:** The Compliance Officer will notify the sender and acknowledge receipt of the reported violation or suspected violation within five business days. All reports will be promptly investigated, and appropriate corrective action will be

taken if warranted by the investigation.