

# Branson, Fowlkes/ Russell, Inc.

## ***Firm Brochure***

March 31<sup>st</sup>, 2023

Branson, Fowlkes/Russell, Inc. SEC File # 801-39088

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This brochure provides information about the qualifications and business practices of **Branson, Fowlkes/Russell, Inc.** If you have any questions about the contents of this brochure, please contact us at: 713.780.0606, or by email at: **[information@bransonfowlkes.com](mailto:information@bransonfowlkes.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 Branson, Fowlkes/Russell, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

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# CONSTANTLY PREPARING FOR THE UNEXPECTED. FOCUSED ON YOUR OUTCOME.

Congratulations to **Branson Fowlkes Russell, Inc.** for their disciplined approach in helping clients achieve their investment outcomes.

In today's climate we believe that the key to survival is preparation for the years and journey ahead. We stand with our partners to help investors plan for this future by making fundamental decisions aimed at maintaining the outcome they desire.

We're proud to have partnered with **Branson Fowlkes Russell, Inc.** for the past 30 years.

Together, let's embrace the possible.™

[russellinvestments.com](http://russellinvestments.com)



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## **Material Changes**

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### **Annual Update**

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

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### **Material Changes since the Last Update**

In December of 2022, the Principals and staff of Branson, Fowlkes & Company, Inc. resigned their registrations with Triad Advisors LLC (a FINRA registered broker-dealer). In the past being registered with a broker-dealer allowed access to certain products including variable annuities, variable life, 529 plans, and other registered products that were not available to fee-based Registered Investment Advisors (RIA). Many of those products, or alternatives, are now available to fee-based RIA's making it no longer necessary to be registered with a broker-dealer.

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### **Full Brochure Available**

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: 713.780.0606 or by email at: [information@bransonfowlkes.com](mailto:information@bransonfowlkes.com)

## **Advisory Business**

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### **Firm Description**

Branson, Fowlkes/Russell, Inc., ("BF/R") was formed in 1991. BF/R was formed specifically to enter into a contractual agreement with Frank Russell Company now called Russell Investments ("Russell"). Russell is a diversified financial services company which sponsors the Russell Indexes (Russell 1000, 2000, 2500, 3000, etc.) does investment manager research on over 12,000 money management firms, and sponsors a series of private and public investment funds. The purpose of the agreement between Russell and BF/R, amongst other things, was to allow clients of BF/R to have access to certain Private Mutual Funds, Private Trust Funds, Private Investment Partnerships often referred to as Hedge Funds and other Private Investment products. Russell Investments revised its business strategy and has made several of their funds publicly available and also now allows a variety of investment advisory firms to access their products including the co-mingling of Russell and non-Russell investment products in the same account. BF/R consolidated its client accounts holding Russell funds into its affiliate Branson, Fowlkes & Company, Inc. ("BFCO") allowing the assets to be held in custody at Fidelity Investments. BF/R has continued to be registered as an Investment Adviser with the ability to invest in a global variety of, Russell and non-Russell sponsored, investment products on behalf of its clients.

BF/R provides personalized investment advisory services to high-net-worth individuals, pension and profit sharing plans, trusts, estates, charitable organizations and medium sized businesses. Advice is provided through consultation with the client and may include: determination of financial objectives, identification of financial problems, establishing risk volatility parameters, cash flow management, and tax planning. This information is used to develop various investment strategies which include asset allocations and the selection and monitoring of securities (including open and closed end funds, mutual funds, and publicly



traded stocks and bonds). BF/R uses a variety of investment strategies including a multi-level approach to investment diversification called **D<sup>3</sup> The Power of Diversification™**.

The initial meeting, which may be by telephone, is free of charge and is considered an exploratory consultation to determine the extent to which investment management may be beneficial to the client.

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**Principal Owners**

BF/R is owned by its founders Jay Branson and Maco Fowlkes. They are each 50% shareholders.

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**Types of Advisory Services**

BF/R provides investment advisory services, also known as asset management services and furnishes investment advice through consultations. On an occasional basis, BF/R furnishes advice to clients on matters not involving securities, such as taxation issues, and trust services that often include estate planning.

As of December 31<sup>st</sup>, 2022, BF/R has one client and approximately \$788,301 assets under management. It expects to continue to add more clients in the future based on implementing several new investment strategies which will be offered exclusively by BF/R. BF/R's affiliate BFCO manages approximately \$308,792,000 in assets for approximately 179 clients. Approximately \$262,816,652 is managed on a discretionary basis, and \$45,975,348 is managed on a non-discretionary basis.

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**Tailored Relationships**

The goals, objectives, and investment suitability for each client are documented in our client files. For example, in some cases we may use a questionnaire to explore a client's tolerance for risk. For some portfolios we may create a written Investment policy statement which reflects the clients stated goals and objectives. Clients may impose restrictions on investing in certain securities or types of securities.

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**Types of Agreements**

The following agreements define the typical client relationships.

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**Investment Advisory Agreement**

The services to be provided and fee for an Investment Advisory Agreement are provided to the client in writing when the account(s) to be managed are established. An Investment Advisory Agreement includes, but is not limited to the following services:

- a. Assisting clients in: (1) establishing, reviewing and changing the investment objectives of the Account, and (2) developing and/or selecting performance standards to measure short-, intermediate-, and long-term Account returns.
- b. Determining, reviewing, and changing the allocation and diversification of assets in the Account and executing asset allocation software models using variables suitable to the Account.

- c. Purchasing securities consistent with the Account's investment objectives and asset allocation needs.
- d. Reporting account investment results quarterly and reviewing the reports and accompanying graphics with you to assist you in understanding their contents.
- e. Conducting annual meetings at BF/R's offices to discuss Account performance.

The annual Investment Advisory Agreement fee is based on a percentage of the investable assets according to the following schedules:

***Balanced & Equity Accounts***

- 1.00% on the first \$1,000,000;
- .75% on the next \$2,000,000 (from 1,000,001 to 3,000,000); and
- .50% on the next \$2,000,000 (from \$3,000,001 to \$5,000,000)
- .50% or as agreed thereafter

***Fixed Income (Bond) Accounts***

- .30% on the first \$ 5,000,000;
- .25% on the next \$ 5,000,000 (from \$5,000,001 to \$10,000,000); and
- .25% or as agreed thereafter

***Separate Account Hedge Fund Strategies\****

- 2.00% on the first \$5,000,000;
- 1.00% on the next \$5,000,000 (from 5,000,001 to 10,000,000); and
- .50% thereafter
- Plus 20% of profits in excess of a 5% annual return "high water" mark.

\*This fee schedule is sometimes referred to as a 2 and 20 arrangement and the "high water" mark is cumulative.

The minimum annual fee will vary based on the type of account to be managed and is negotiable in some cases. Some current client relationships may exist where the fees are higher or lower than the fee schedule above.

In some cases BF/R will provide investment management services for the account of a 401(k) plan participant and not for the entire 401(k) plan. In these cases the advisory fee is determined by the complexity of the plan, operational restrictions, and the size of the participant's account. Fees can range from the normal fee schedule referenced above to as low as .25% annually.



BF/R may, under special circumstances, negotiate fees and/or offer services on a gratis basis. The circumstances may include, but not be limited to, members of an employee or client's extended family, certain non-profit organizations, and non-managed accounts.

Although the Advisory Service Agreement is an ongoing agreement and may require periodic adjustments, the length of service to the client is at the client's discretion. The client or BF/R may terminate an Agreement by written notice to the other party. At termination, fees will be adjusted based on the terms specified in the individual agreement (generally a refund or amount due will be calculated based on the date of the written notice terminating the agreement).

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**Termination of Agreement**

A Client may terminate any of the aforementioned agreements at any time based on the individual terms specified in their respective agreements. Generally a 30 day written notice is required notifying BF/R at the legal address indicated in their agreement. If there is a balance due, or refund due for advance payment of advisory fees the payment or refund will be calculated based on the terms described in their agreement.

BF/R may terminate any of the aforementioned agreements at any time by notifying the client in writing. If the client made an advance payment, BF/R will refund any unearned portion of the advance payment.

## **Fees and Compensation**

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**Description**

BF/R bases its fees on a percentage of assets under management. The specific fee schedule is disclosed in the individual Investment Advisory Agreement. In some cases fees are negotiable.

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**Fee Billing**

Investment Advisory fees are generally charged quarterly in advance. In some cases fees will be charged quarterly in arrears. The individual client advisory agreement will disclose how and when the fees are charged. Fees are deducted directly from investment management accounts based on authorization established at the accounts inception. Fees that are charged and deducted will be reflected on the custodians account statements provided directly to the client.

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**Other Fees**

In some cases where it is appropriate there are accounts which are managed without an *Investment Advisory Agreement* and without charging a separate advisory fee to the account. As an alternative in these cases BF/R may use a share class from a mutual fund family which charges an internal fee commonly referred to as a 12b(1) fee. These fees are disclosed in the current prospectus from the fund company. Currently this management option is limited to certain shares of funds offered by Russell Investments. Generally the decision to use a Russell Investments 12b(1) fee alternative is made for practical purposes when account size is below our minimum, or for 401(k) plans when accounts have frequent contributions, or in other circumstances when charging a fee would be impractical. In circumstances when BF/R receives a 12(b)1 fee it does not charge an additional fee to the same account.

In most cases BF/R avoids transaction fees for the trading of the majority of mutual funds and exchange traded funds utilized in client accounts. Our primary custodian, Fidelity Investments, offers over 2,800 mutual funds from 100's of fund companies and several exchanged traded index funds with no transaction fee. We refer to these funds as *No Load/No Transaction Fee* funds and in many cases these satisfy the needs for client portfolios.

In cases where we utilize securities that are not offered with *No Load/No Transaction Fees* custodians may charge transaction fees often referred to as commissions on the purchases or sales of certain securities including individual stocks, bonds, mutual funds and exchange-traded funds. These transaction charges are disclosed on the trade confirmations and account statements, are negotiated regularly and usually are small and incidental to the purchase or sale of a security.

Additionally, some mutual fund companies, and/or custodians charge an early redemption fee for shares that are purchased and sold in a time period that is shorter than specified.

When buying or selling individual stocks there are also fees of a few pennies per transaction that are referred to as a SEC fee. The SEC does not impose or set any of the brokerage fees that investors must pay. Instead, under Section 31 of the Securities Exchange Act of 1934, self-regulatory organizations (SROs) -- such as the Financial Industry Regulatory Authority (FINRA) and all of the national securities exchanges (including the New York Stock Exchange) -- must pay transaction fees to the SEC based on the volume of securities that are sold on their markets. These fees recover the costs incurred by the government, including the SEC, for supervising and regulating the securities markets and securities professionals.

BF/R is aware of all fees and transaction charges that may be charged to a clients account and takes that into consideration when managing an account. BF/R does not receive any compensation from any of the transaction fees referred to in this section.

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**Expense Ratios**

Both Open and Closed End Mutual funds, Exchange Traded Funds, and Fixed and Variable annuities have expenses which are paid internally by the various funds. The expenses include the funds management fee for investment services, custodial expenses, and transaction charges. These fees are referred to as the expense ratio (i.e. an expense ratio of 0.50 means that the mutual fund company's costs to operate the fund are 0.5% of the funds assets). These fees are in addition to the fees paid by you to BF/R. These additional fees are disclosed by prospectus issued by the investment product sponsors. Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted.

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**Past Due Accounts and Termination of Agreement**

BF/R reserves the right to stop work on any account that is more than 30 days overdue.

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**Performance-Based Fees**

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**Sharing of Capital Gains**

BF/R in some cases will manage a client account using a *Separate Account Hedge Fund Strategy* and a fee schedule which includes a fixed fee and a fee sharing a portion of the gains in excess of a 5% annual "high water" mark. A "high water" mark is a return threshold under which no gains are shared. This Sharing of Capital Gains arrangement is used when the

clients desired investment strategy is one of our more sophisticated and difficult to implement approaches which we collectively refer to as Separate Account Hedge Fund Strategies.

Examples of how profit sharing fees would be calculated are as follows;

- 1.) A \$1,000,000 account earns a quarterly return of 3% (\$30,000) ending the quarterly period with a \$1,030,000 balance. The fixed fee using the **2 and 20** fee schedule is 2% annually which is .5% quarterly. The quarterly fixed fee would be .5% of \$1,030,000 = \$5,150. The quarterly sharing of capital gains would be calculated by taking the quarterly return of 3% less the “high water” mark (5% annually, 1.25% quarterly) of 1.25% = 1.75% and then multiply by the sharing percentage of 20% which equals .35% or \$3,605. In this example the total quarterly fee would be \$8,755 or .85%.
- 2.) A \$1,000,000 account earns a quarterly return of 10% (\$100,000) ending the quarterly period with a \$1,100,000 balance. The fixed fee using the **2 and 20** fee schedule is 2% annually which is .5% quarterly. The quarterly fixed fee would be .5% of \$1,100,000 = \$5,500. The quarterly sharing of capital gains would be calculated by taking the quarterly return of 10% less the “high water” mark (5% annually, 1.25% quarterly) of 1.25% = 8.75% and then multiply by the sharing percentage of 20% which equals 1.75% or \$19,250. In this example the total quarterly fee would be \$24,750 or 2.25%.
- 3.) A \$1,000,000 account has a negative quarterly return of -2% (-\$20,000) ending the quarterly period with a \$980,000 balance. The fixed fee using the **2 and 20** fee schedule is 2% annually which is .5% quarterly. The quarterly fixed fee would be .5% of \$980,000 = \$4,900. The quarterly sharing of capital gains would be calculated by taking the quarterly return of -2% less the “high water” mark (5% annually, 1.25% quarterly) of 1.25% = -3.25% . In this case there would be no capital gain sharing and the “high water” mark calculation for the subsequent quarter would include the -3.25% carry-forward. In this example the total quarterly fee would be \$4,900 or .5%.
- 4.) A \$1,000,000 account has a quarterly return of 1% (\$10,000) ending the quarterly period with a \$1,010,000 balance. The fixed fee using the **2 and 20** fee schedule is 2% annually which is .5% quarterly. The quarterly fixed fee would be .5% of \$1,010,000 = \$5,050. The quarterly sharing of capital gains would be calculated by taking the quarterly return of 1% less the “high water” mark (5% annually, 1.25% quarterly) of 1.25% = -.25% . In this case there would be no capital gain sharing and the “high water” mark calculation for the subsequent quarter would include the -.25% carry-forward. In this example the total quarterly fee would be \$5,050 or .5%.

The “high water” mark of 5% annually is a cumulative return and is calculated quarterly.

## Types of Clients

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### Description

BF/R provides investment advisory services to families, individuals, businesses, charitable and private trusts and company sponsored retirement plans.

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### Account Minimums

The minimum account size is \$ 1,000,000.00 of assets under management, which equates to an annual fee of \$ 10,000.00.

BF/R has the discretion to waive the account minimum. Accounts of less than \$ 1,000,000.00 may be set up when the client and the advisor anticipate the client will add additional funds to the accounts bringing the total to \$1,000,000.00 within a reasonable time. Other exceptions will apply to employees of BF/R and their relatives, or relatives of existing clients.

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

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### **Methods of Analysis**

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

The main sources of information include research materials prepared by others, financial newspapers and magazines, inspections of corporate activities, corporate rating services, timing services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

Other sources of information that BF/R may use include research prepared by Russell Investments, Morningstar fund research, and proprietary research prepared by J.P. Morgan, Goldman Sachs and other firms selected by BF/R.

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### **Investment Strategies**

The primary investment strategy for portfolio design used by BF/R on client accounts is a form of strategic asset allocation which we have named and trademarked called;

## **D<sup>3</sup> The Power of Diversification<sup>tm</sup>**

We believe proper diversification is the key to investment success. Diversification, as an investment strategy, is not a new concept; but what historically has set apart major pools of capital from all other investors is their ability to practice a multilevel philosophy of diversification, which effectively provides investors with the ability to diversify within diversification. BF/R seeks to capitalize on diversification within diversification and provide our clients with consistent above average returns. We use diversification by asset class, by investment style within various asset classes, and by sub-style or manager within style groups.

**Diversification by Asset Class** is the most widely recognized and practiced form of diversification. It involves combining into a single portfolio different asset classes—such as large and small US stocks, large and small Non-US stocks, US and Non-US bonds, real estate, and commodities—all of which have different return and risk characteristics. By doing so, the investor tends to reduce risk and increase return.

**Diversification by Investment Style** All money managers, whether they manage stock funds or bond funds, select their securities using a particular discipline or strategy. This discipline is referred to as their investment style (i.e. growth, and value, etc.). No investment style is the top performer in all time periods. The various styles go into and out of favor periodically. The

performance between styles can vary dramatically. Since styles come into and go out of favor, BF/R believes an investor's best opportunity for success is to design portfolios combining investment styles. This strategy tends to reduce volatility and increase return.

**Diversification by sub-style, or manager** Individual fund/manager performance, even among the best managers, varies significantly from time to time. If a manager is "number one," he/she generally has made some type of firm commitment—almost like a bet—which stands out dramatically from his/her peer group. Usually this type of gamble results in the manager eventually, losing big, so that he/she falls to the bottom of the group. Russell Investments conducted a study to determine how many managers could consistently perform in the top 25% of their peer group. The study monitored the performance of 169 single-style money managers spanning the period 2005-2010. Not one manager was able to accomplish this feat—at least over this five-year period. If consistently performing in the top quartile of their peer group is so difficult for money managers, then BF/R believes the odds against being successful are simply too great. BF/R looks to identify those money managers with a dependable record of consistent returns.

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. Clients may execute a written Investment Policy Statement that documents their objectives and their desired investment strategy.

Other strategies used by BF/R may include cash management, short-term purchases, active trading, and margin transactions.

## **Separate Account “*Hedge Fund*” Strategies**

There are several investment strategies which are utilized in large investment partnerships which are often referred to as “Hedge Funds”. These investment strategies are not suitable for many investors and involve high degrees of risk . In some cases we offer to manage an account utilizing strategies which include Long/Short strategies, Leverage concentrated portfolios, direct investment in foreign securities, and active short-term trading. These investment strategies are difficult to implement and have a substantial risk of loss. We implement these strategies using a separate account for each client held at a 3<sup>rd</sup> party custodian, primarily Fidelity Investments. The fee for these more sophisticated and aggressive strategies includes sharing 20% of the gains in excess of a 5% “high water” mark. The “high water” mark means there is no sharing of gains for the portion of gains up to the 5% “high water” mark.

***Direct Investment in Foreign Securities*** Through our primary custodian we have the ability to purchase securities in foreign markets including China, Korea, Taiwan, and other countries around the world. We are able to settle these trades in US Dollars and hold the securities in individual client's accounts. There is substantial risk to investing in foreign securities including currency risk. This strategy is difficult to implement due to the time difference in foreign markets, some language barriers, and in some cases we require affiliate companies for support and research. Also, the regulatory environment in some foreign countries is not of the same standard as the US and publicly available information may not be accurate or dependable.

**Risk of Loss**

All investment strategies and programs have certain risks that are borne by the investor. Our investment approach is intended to manage those risks but we cannot guarantee returns or risk of loss. These are some of the risks that investors face:

- **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.

**Disciplinary Information**

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**Legal and Disciplinary**

BF/R and its employees have not been involved in any material legal or disciplinary events related to past or present investment clients.

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

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### **Financial Industry Activities**

BF/R is not registered as a securities broker-dealer.

### **Affiliations**

BF/R is owned by its Principals Jay Branson and Maco Fowlkes. They are also the owners of BFCO. BFCO is a Texas corporation registered with the SEC as an investment adviser. BFCO provides investment advisory services to clients who may also be clients of BF/R.

Jay W. Branson and Maco S. Fowlkes individually, and Branson, Fowlkes & Company, Inc. are general agents of various insurance companies.

It is expected that there will be clients common to BF/R and BFCO.

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

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### **Code of Ethics**

Our firm has adopted a Code of Ethics for all supervised persons of the firm describing our high standard of business conduct, and fiduciary duty to our clients. All supervised persons at our firm must acknowledge in writing the terms of the Code of Ethics and personal securities transactions and holdings annually, or as amended.

The employees of BF/R 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 initially, and annually thereafter, to all clients (or upon request by any client or prospective client). The BF/R Code of Ethics is comprised of the Code of Ethics and Insider Trading policies and procedures of BF/R.

### **Participation or Interest in Client Transactions**

BF/R 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 BF/R *Compliance Manual*.

### **Personal Trading**

The Chief Compliance Officer of BF/R is Jay W. Branson. He reviews all employee trades (including his own) quarterly. 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.



## **Brokerage Practices**

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### **Selecting Brokerage Firms**

Specific custodian recommendations are made to Clients based on their need for such services. BF/R recommends custodians based on the proven integrity and financial responsibility of the firm and the best execution of orders at reasonable commission rates.

BF/R recommends discount brokerage firms and trust companies (qualified custodians), and in most cases receives Institutional discounts for their clients accounts. BF/R's primary account custodian is Fidelity Investments. BF/R has a formal ongoing relationship with Fidelity Investments which includes discounted transactions, International trading capabilities with exchanges in countries around the world, access to over 2,800 mutual funds with no transaction fee, and an online proprietary trading platform for account trading, reporting, and other services. BF/R does not receive any compensation from Fidelity from any of these arrangements.

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### **Best Execution**

BF/R reviews the execution of trades at each custodian each quarter. The review is documented in the BF/R *Compliance Manual*. Transaction charges and fees charged by the custodians are also reviewed on a quarterly basis. BF/R does not receive any portion of the transaction charges or custodial fees.

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### **Soft Dollars**

BF/R has no soft dollar agreements with any brokerage or custodial firms. BF/R is not provided any Research or any other service based on directed brokerage transactions.

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### **Order Aggregation**

When exchange-traded funds, or individual stocks, are used for multiple client accounts on the same day orders will be placed as "block trades" and then allocated to individual client accounts using the same average price for all clients involved with the various trades. When trade orders for client accounts are for open end, no-load (or load waived) mutual funds there is no client benefit to trade aggregation.

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### **Trade Errors**

BF/R has policies and procedures in place to avoid trade errors, but in some instances errors do still occur. In the event of a trade error attributed to BF/R, it is BF/R's general policy to place the client in the position they would have been in had the error not occurred.

BF/R generally has a 60 day policy for discovering and correcting trade errors. BF/R does not have custody of any client accounts, or client funds. Our Trade Error policy is determined, or limited, by the policies of the various account custodians (i.e. Fidelity Investments, etc.).

Trade Errors will be reviewed to determine the cause, and in cases where BF/R is determined to be at fault, or where no fault can be determined, BF/R will pay any losses resulting from correcting the error. In the event that correcting an error caused by BF/R causes a gain, the proceeds of the gain will be held or distributed according to the various custodians policies (i.e. Fidelity Investments donates to charity, etc.). If it is determined that the client was at fault, (*i.e. client gives trade instructions by voicemail, email, or otherwise and does not speak*

*directly with licensed representative, or gives incorrect instructions*) BF/R may, in its discretion, pay the loss or charge the loss (in whole or in part) to the client account.

## **Review of Accounts**

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### **Periodic Reviews**

Formal account reviews are performed quarterly by advisors Jay Branson and Maco Fowlkes, Principals of BF/R. Informal Account reviews are performed more frequently when market conditions dictate or at the client's request.

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### **Review Triggers**

Other conditions that may trigger a review are market volatility, changes in the tax laws, new investment information, and changes in a client's personal financial circumstances.

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### **Regular Reports**

Account reviewers are members of the firm's Investment Committee. They are instructed to consider the client's current security positions and the likelihood that the performance of each security will contribute to the investment objectives of the client.

Clients receive periodic communications on at least an annual basis. *Investment Advisory Agreement* clients receive written quarterly performance reports prepared by BF/R. In some cases additional reports and analysis are also prepared based on individual client's requests.

## **Client Referrals and Other Compensation**

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### **Incoming Referrals**

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

Agreements to compensate individuals or other parties for referrals are often referred to as "Solicitor Agreements". If BF/R were to have a solicitor it would be disclosed to the client prior to opening an account through a "Solicitor Disclosure Statement" which would be provided along with this Firm Brochure. BF/R does not have, and does not contemplate having any "solicitor agreements".

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### **Referrals Out**

BF/R does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them. For example if a client is referred to a CPA for Tax Preparation services, or an Attorney for Estate Planning document preparation we are not compensated in any way for those referrals.

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**Other Compensation**

BF/R's Principals are also owners and Principals of BFCO. Jay W. Branson and Maco S. Fowlkes are general agents of various insurance companies.

## **Custody**

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**Account Statements**

All assets are held at qualified custodians, which means, the custodians provide account statements directly to clients at their address of record at least quarterly. Currently our primary custodian is Fidelity Investments and they provide statements on a monthly basis as long as there is account activity. For accounts with no activity they receive statements quarterly.

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**Performance Reports**

Clients are urged to compare the account statements received directly from their custodians to the performance report statements provided periodically by BF/R.

## **Investment Discretion**

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**Discretionary Authority for Trading**

BF/R accepts discretionary authority to manage securities accounts on behalf of clients. BF/R 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. However, BF/R consults with the client prior to each trade to obtain concurrence if a blanket trading authorization has not been given.

The client approves the custodian to be used and the commission rates paid to the custodian. BF/R does not receive any portion of the transaction fees or commissions paid by the client to the custodian on securities trades.

Discretionary trading authority facilitates placing trades in your accounts on your behalf so that we may promptly implement the investment strategy established for your account(s).

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**Limited Power of Attorney**

A limited power of attorney is a trading authorization for this purpose. You sign a limited power of attorney so that we may execute the trades that you have approved. This trading authority is established in the Investment Advisory Agreement and in the documentation required to open an account with the custodian. This authority is limited to trades within the account and authorization to deduct BF/R's periodic investment advisory fee.

## **Voting Client Securities**

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**Proxy Votes**

As a matter of firm policy and practice, our firm does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in their accounts.

## **Financial Information**

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### **Financial Condition**

BF/R 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 BF/R 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.

## **Business Continuity Plan**

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### **General**

BF/R 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.

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### **Disasters**

The Business Continuity Plan covers natural disasters such as, hurricanes, tornados, 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.

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### **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.

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### **Loss of Key Personnel**

BF/R has signed a Business Continuation Agreement between the two owners in the event of Mr. Branson or Mr. Fowlkes serious disability or death.

## **Information Security Program**

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### **Information Security**

BF/R maintains a comprehensive information security program to reduce the risk that your personal and/or confidential information may be breached.

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### **Privacy Notice**

BF/R is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us. We have a written document titled "Privacy Policy for Clients of Branson, Fowlkes/Russell, Inc. and Branson, Fowlkes & Company, Inc. Our

Commitment to Your Privacy:” which we provide to all clients initially and annually thereafter.

The categories of nonpublic information that we collect from you may include information necessary to open various accounts with 3<sup>rd</sup> party custodians, information about your personal finances, and information about transactions between you and third parties.

With your permission, we disclose limited information to attorneys, accountants, and mortgage lenders with whom you have established a relationship. We will not share information without your permission. 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.

**Brochure Supplement (Part 2B of Form ADV)**

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**Education and Business Standards**

BF/R requires that advisors in its employ have a bachelor's degree and/or further coursework demonstrating knowledge of investment management and financial planning. Examples of acceptable coursework include: an MBA, a CFP®, a ChFC®, CLU®, CAP®, JD or CPA. Additionally, advisors must have work experience that demonstrates their aptitude for financial planning and investment management.

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**Professional Certifications**

Employees have earned certifications and credentials that are required to be explained in further detail.

**Certified Financial Planner (CFP®):** Certified Financial Planners are licensed by the CFP Board to use the CFP® mark. CFP® certification requirements:

- Completion of the financial planning education requirements set by the CFP Board ([www.cfp.net](http://www.cfp.net)).
- Successful completion of the 10-hour CFP® Certification Exam.
- Three-year qualifying full-time work experience.
- Successfully pass the Candidate Fitness Standards and background check.

**Chartered Financial Consultant (ChFC®):** Chartered Financial Consultants are licensed by The American College. The American College is a nonprofit educational institution with the highest level of academic accreditation, dedicated to leadership in innovative training and development for financial services professionals. ChFC® designation requirements include:

- Completion of eight or more college-level courses on all aspects of financial planning from The American College including Financial Planning Process, Financial Planning Applications, Insurance Planning, Income Taxation, Retirement Planning, Estate Planning and Investments.
- 3 Years of related Business Experience Required.
- Take a Professional Ethics Pledge
- Maintain 30 hours of Professional Achievement in Continuing Education (PACE) for Recertification every 2 years.

**Chartered Life Underwriter (CLU®):** Chartered Life Underwriter® is a designation of insurance expertise sponsored by The American College. The American College is a nonprofit educational institution with the highest level of academic accreditation, dedicated to leadership in innovative training and development for financial services professionals. CLU® designation requirements include:

- Completion of selected course work from The American College related to insurance.

- 3 Years of related Business Experience Required.
- Take a Professional Ethics Pledge
- Maintain 30 hours of Professional Achievement in Continuing Education (PACE) for Recertification every 2 years.

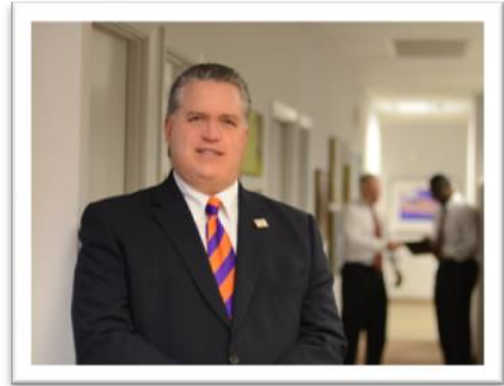
**Chartered Advisor in Philanthropy® (CAP®):** Chartered Advisor in Philanthropy® is a designation of philanthropy expertise sponsored by The American College. The American College is a nonprofit educational institution with the highest level of academic accreditation, dedicated to leadership in innovative training and development for financial services professionals. CAP® designation requirements include:

- Completion of selected course work from The American College related to philanthropy.
- Take a Professional Ethics Pledge
- Maintain 30 hours of Professional Achievement in Continuing Education (PACE) for Recertification every 2 years.



**Jay W. Branson, CFP®, ChFC®****Educational Background:**

- Born 1956
- Certified Financial Planner, Chartered Financial Consultant, Registered Securities Principal, Chief Compliance Officer
- College for Financial Planning – CFP Certificate 1987
- The American College – ChFC Certificate 1999

**Business Experience:**

- Branson, Fowlkes & Company, Inc. – Principal (1990-Current)
- Branson, Fowlkes/Russell, Inc. – Principal (1991-Current)
- Triad Advisors, LLC – Registered Rep., Registered Principal (2008–2022)
- American General Securities, Inc. – Registered Rep., Registered Principal (1996–2008)

**Disciplinary Information:** Mr. Branson has not been involved in any material legal or disciplinary events related to past or present investment clients.

**Other Business Activities:** Mr. Branson is a Principal and shareholder of Branson, Fowlkes & Company, Inc. “BFCO”. BFCO is also a SEC registered investment advisory firm. Mr. Branson is a licensed insurance agent and can offer various life insurance and annuity products to clients. It is expected that there will be clients common to Branson, Fowlkes/Russell, Inc., and Branson, Fowlkes & Company, Inc.

**Additional Compensation:** None

**Supervision:**

Mr. Branson as Chief Compliance Officer is responsible for supervising his own work. He is a fiduciary and must always act in the clients best interests.

**SUPERVISOR’S contact information:** Jay W. Branson

**PHONE** – 713.780.0606 **EMAIL** – jbranson@bransonfowlkes.com

**Maco Stewart Fowlkes, CFP®, ChFC®,  
CLU®, CAP®****Educational Background:**

- Born 1956
- Certified Financial Planner, Chartered Financial Consultant, Chartered Life Underwriter
- College for Financial Planning – CFP Certificate 1987
- The American College – ChFC, CLU Certificates 1999
- Texas Tech University – BA Finance 1978
- American Graduate School of International Management – MBA 1979
- University of Houston – BS Petroleum Land Mgmt. 1982

**Business Experience:**

- Branson, Fowlkes & Company, Inc. – Principal (1990-Current)
- Branson, Fowlkes/Russell, Inc. – Principal (1991-Current)
- Triad Advisors, LLC – Registered Rep., (2008–2022)
- American General Securities, Inc. – Registered Rep., Registered Principal (1996-2008)

**Disciplinary Information:** Mr. Fowlkes has not been involved in any material legal or disciplinary events related to past or present investment clients.

**Other Business Activities:** Mr. Fowlkes is a Principal and shareholder of Branson, Fowlkes & Company, Inc. “BFCO”. BFCO is also a SEC registered investment advisory firm. Mr. Fowlkes is a licensed insurance agent and can offer various life insurance and annuity products to clients. It is expected that there will be clients common to Branson, Fowlkes/Russell, Inc., and Branson, Fowlkes & Company, Inc.

**Additional Compensation:** None

**Supervision:**

Mr. Fowlkes is supervised by Jay W. Branson, Chief Compliance Officer. He reviews Mr. Fowlkes work through frequent office interactions as well as remote interactions. He also reviews Mr. Fowlkes activities through our client relationship management system.

**SUPERVISOR’S contact information:** Jay W. Branson

**PHONE** – 713.780.0606 **EMAIL** – [jbranson@bransonfowlkes.com](mailto:jbranson@bransonfowlkes.com)

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**Trocon G. Reffell, CFP®****Educational Background:**

- Born 1983
- Certified Financial Planner
- College for Financial Planning – CFP Certificate 2021
- Rice University Certified Financial Planning Education Program 2019
- Duquesne University – B.S. Finance 2005

**Business Experience:**

- Branson, Fowlkes & Company, Inc. – Investment Adviser Representative (2023-Current)
- Branson, Fowlkes/Russell, Inc. – Investment Adviser Representative (2023-Current)
- Triad Advisors, LLC. – Registered Rep (2010–2022)
- Ameriprise Financial Services – Registered Rep (2006-2009)

**Disciplinary Information:** Mr. Reffell has not been involved in any material legal or disciplinary events related to past or present investment clients.

**Other Business Activities:** None

**Additional Compensation:** None

**Supervision:**

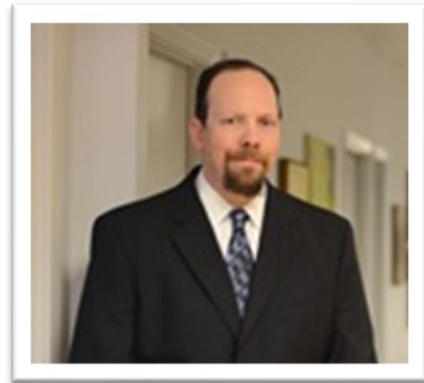
Mr. Reffell is supervised by Jay W. Branson, Chief Compliance Officer. He reviews Mr. Reffell's work through frequent office interactions as well as remote interactions. He also reviews Mr. Reffell's activities through our client relationship management system.

**SUPERVISOR'S contact information:** Jay W. Branson

**PHONE** – 713.780.0606 **EMAIL** – jbranson@bransonfowlkes.com

**Mark E. Wilson****Educational Background:**

- Born 1977
- Texas A&M Certified Financial Planning Education Program 2020
- University of Houston – M.B.A. Finance Concentration 2006
- University of Houston/Clear Lake – B.A. Finance 1999

**Business Experience:**

- Branson, Fowlkes & Company, Inc. – Investment Adviser Representative (2023-Current)
- Branson, Fowlkes/Russell, Inc. – Investment Adviser Representative (2023-Current)
- Triad Advisors, LLC. – Registered Rep 2008–2022)
- American General Securities, Inc. – Registered Rep., Registered Principal (2001-2008)

**Disciplinary Information:** Mr. Wilson has not been involved in any material legal or disciplinary events related to past or present investment clients.

**Other Business Activities:** None

**Additional Compensation:** None

**Supervision:**

Mr. Wilson is supervised by Jay W. Branson, Chief Compliance Officer. He reviews Mr. Wilson's work through frequent office interactions as well as remote interactions. He also reviews Mr. Wilson's activities through our client relationship management system.

**SUPERVISOR'S contact information:** Jay W. Branson

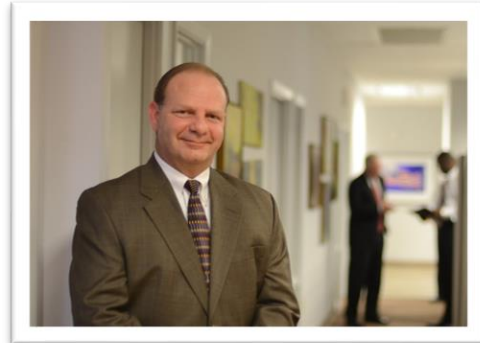
**PHONE** – 713.780.0606 **EMAIL** – jbranson@bransonfowlkes.com

**Dallas Leigh Jones****Educational Background:**

- Born 1961
- United States Army Aviation 1984 – 1988
- United States Military Academy WestPoint, NY 1983

**Business Experience:**

- Branson, Fowlkes & Company, Inc. – Portfolio Manager 2004 – Current
- Branson, Fowlkes/Russell, Inc. – Investment Adviser Representative (2023-Current)



**Disciplinary Information:** Mr. Jones has not been involved in any material legal or disciplinary events related to past or present investment clients.

**Other Business Activities:** None

**Additional Compensation:** None

**Supervision:**

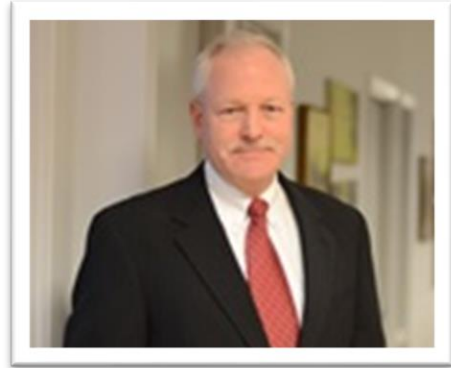
Mr. Jones is supervised by Jay W. Branson, Chief Compliance Officer. He reviews Mr. Jones' work through frequent office interactions as well as remote interactions. He also reviews Mr. Jones' activities through our client relationship management system.

**SUPERVISOR'S contact information:** Jay W. Branson

**PHONE** – 713.780.0606 **EMAIL** – [jbranson@bransonfowlkes.com](mailto:jbranson@bransonfowlkes.com)

**Michael S. Bishop****Educational Background:**

- Born 1958
- The American College Certified Financial Planning Education Program 2019
- Texas Tech University – B.A. Finance 1982

**Business Experience:**

- Branson, Fowlkes & Company, Inc. – Investment Adviser Representative (2023-Current)
- Branson, Fowlkes/Russell, Inc. – Investment Adviser Representative (2023-Current)
- Triad Advisors, LLC. – Registered Rep 2008–2022)
- American General Securities, Inc. – Registered Rep., Registered Principal (1999-2008)

**Disciplinary Information:** Mr. Jones has not been involved in any material legal or disciplinary events related to past or present investment clients.

**Other Business Activities:** None

**Additional Compensation:** None

**Supervision:**

Mr. Bishop is supervised by Jay W. Branson, Chief Compliance Officer. He reviews Mr. Bishop's work through frequent office interactions as well as remote interactions. He also reviews Mr. Bishop's activities through our client relationship management system.

**SUPERVISOR'S contact information:** Jay W. Branson

**PHONE** – 713.780.0606 **EMAIL** – jbranson@bransonfowlkes.com