



# Investment Research Corporation World Capital Brokerage Advisory Services

## Brochure (Form ADV Part II)

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This brochure provides information about the qualifications and business practices of Investment Research Corporation. If you have any questions about the contents of this brochure, please contact us at 303-626-0634 or at [info@invresearch.com](mailto:info@invresearch.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 does not imply a certain level of skill or training. Additional information about Investment Research Corporation also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

March 2023

## Material Changes Since the last Annual Update

None



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## Advisory Business

Investment Research Corporation, dba. World Capital Brokerage Advisory Services ("Firm"), was founded on August 29, 1958. Timothy Taggart, a longtime employee of the Firm, is the president and owner of Investment Research Corporation.

The Firm provides investment supervisory services, manages investment advisory accounts not involving investment supervisory services, and financial planning.

The Firm offers advice on:

- Equity Securities
  - Exchange-Listed Securities
  - Foreign Issuers
- Corporate Debt Securities
- Certificates of Deposit
- Municipal Securities
- Investment Company Securities
  - Variable Life Insurance
  - Variable Annuities
  - Mutual Fund Shares
- United States Government Securities

Financial Planning helps clients deal with various personal financial issues through proper planning which may include items such as cash flow management, education, retirement, investment, risk management, insurance, tax, and estate planning.

Using the information provided to us (our Advisor Representatives) by the clients, our Advisor Representatives are able to try and assist the client in customizing their portfolio with the goal of improving the client's financial status. Of course, clients are free to restrict what their monies are invested in and should understand that any investment restrictions placed may adversely affect their account balance.

The Firm participates in a Wrap Fee Program (the "Program"). There are no differences between how the Firm manages a Wrap Fee Account or another account. The Firm does receive a portion of the wrap fee for its services.

For the period ended 12/31/2022 the Firm managed \$16189736 on a discretionary basis and \$27337349 on a non-discretionary basis.

## Fees and Compensation

Clients in the Program pay a single annualized fee, based upon a percentage of the market value of all Program assets, or a flat fee, whichever the Client chooses, for participation in the Program. The Program may cost clients more or less than purchasing such services separately. The Client can choose either a \$3,000 flat fee, or a fee based on a percentage based upon the value of the Client's account for 0.5%, 1.0%, 1.5% or another percent value mutually agreed upon between the Client and Investment Advisor Representative. No fees are charged for issuing reports. The Maximum fee is 2.0% of assets under management not including program, product, custodial, mutual fund fees (including marketing fees allowed under SEC Rule 12b-1), servicing or any other fee imposed on the account by the third-party manager or one of its affiliates. Compensation is payable quarterly, deducted from the account via third party vendors, and is



billed in advance based upon the value of Client's account at the preceding quarter-end. If the advisory contract is terminated prior to the quarter's completion, the client should ask the Investment Advisor Representative to request, in writing, for a partial refund of quarterly fees. The formula to be used when figuring the refund will be business days remaining in the quarter multiplied by that quarter's average daily fee.

No supervised person accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds. Clients may also incur brokerage fees and transaction costs as described under Brokerage Practices. Clients may terminate contracts within 5 business days of the initially entering into them without penalty.

Many mutual funds charge investors in those funds management fees and expenses for management related services, which are in addition to the fees charged by the Firm. Those fees and expenses are typically referred to as an "expense ratio," and are disclosed in the fund prospectus. The expense ratio is a cost to the investor in the mutual fund. Many, but not all, mutual funds include in the expense ratio a fee for distribution and marketing, which is often referred to as a "Rule 12b-1 fee," which is typically (though not always) 25bp. The Firm has received in the past, and expects to receive in the future, some or all of the Rule 12b-1 fees paid by the mutual fund. The receipt of Rule 12b-1 fees creates a conflict of interest because the Firm has an incentive to recommend or purchase for clients mutual funds which pay Rule 12b-1 fees rather than a client's needs. In addition, mutual funds typically offer a number of share classes in the same fund which are subject to different eligibility, purchase, or transfer limitations, including for many, although not all mutual funds, a share class often referred to as "institutional shares," designed for purchasers who meet specified eligibility criteria, such as a minimum dollar threshold, or enrollment in an eligible fee-based investment advisory program. Institutional shares usually have a lower expense ratio, and frequently to not charge Rule 12b-1 fees. The existence of share classes, particularly institutional shares, creates a conflict of interest because the Firm has an incentive to recommend or purchase non-institutional shares, even where lower cost institutional shares are available, because non-institutional shares will be more financially beneficial to the Firm, but more costly to the client. The Firm has received in the past, and expects to receive in the future, fees paid by non-institutional shares, even when institutional shares were available which did not pay fees, or which paid lower fees than non-institutional shares. The Firm addresses the conflicts of interest described in this paragraph through disclosure to clients and supervision of Investment Advisor Representatives to reduce the possibility that a client's needs are not being met. More information about share class eligibility can be found in the mutual fund prospectus.

Clients should understand that investments recommended by the Firm or the Investment Advisor Representatives are available for purchase through other brokers or agents that are not affiliated with the firm.

Financial Planning – Investment Advisor Representatives may be compensated on an hourly basis, but is also permitted to offer a flat-fee arrangement. Client is billed directly and is often billed to bring his account current and to cover further estimated billing in accordance with the engagement agreement. An initial deposit may be required to begin the engagement and the Client is billed as hours accrue. Rates range from \$150 to \$250 per hour depending upon the set of tasks or circumstances about which Client wishes Investment Advisor Representative to perform or give advice. Fees are negotiable for special situations. Client is responsible for third party service or product costs, fees, or expenses incurred by Client or Investment Advisor Representative on behalf of Client. Clients may also incur brokerage fees and transaction costs as described under Brokerage Practices. If Client terminates the engagement and a residual of any advanced payment remains after an accounting for fees, expenses, hours expended on



Client's behalf, this residual is returned within seven business days of the final accounting. After 48-hours, no part of the initial deposit is refundable if Client terminates, but a pro rata portion is returned if Adviser terminates the engagement.

### **Performance Based Fees**

Investment Advisor Representatives do not collect performance-based fees.

### **Types of Clients**

The Firm generally provides investment advice to Individuals as well as investment companies, pension and profit-sharing plans, trusts, estates, charitable organizations, and corporations or business entities.

The Firm does not impose a minimum dollar value of assets or other conditions for starting or maintaining an account.

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

The Firm uses a fundamental style of security analysis. Fundamental Analysis involves looking for, as an example, potential of growth, future factors such as interest rate cuts or mergers, management of a company or economic strength. The main sources of information are derived from financial newspapers and magazines, inspections of corporate activities, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission and company press releases.

Investment strategies used to implement any investment advice given to clients include:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Trading (securities sold within 30 days)

Investing in any mutual fund involves risk, including the risk that you may receive little or no return on your investment, and the risk that you may lose part or all of the money you invest.

In addition, the legal cannabis business is a quickly growing and emerging business. As a result there are additional risks that you should consider.

- Stock Market risk is the risk that all or a majority of the securities in a certain market - such as the stock or bond market - will decline in value because of factors such as economic conditions, future expectations or investor confidence.
- Operational and cybersecurity risk. Cybersecurity breaches may allow an unauthorized party to gain access to fund assets, customer data, or proprietary information, or cause a fund or its service providers to suffer data corruption or lose operational functionality. Similar incidents affecting issuers of a fund's securities may negatively impact performance. Operational risk may arise from human error, error by third parties, communication errors, or technology failures, among other causes.

Before you invest in the Fund you should carefully evaluate the risks. Because of the nature of the Fund, you should consider the investment to be a long-term investment that typically provides the best results when held for a number of years.

- Market Risk. Economies and financial markets throughout the world are becoming increasingly interconnected, which increases the likelihood that events or conditions in one country or region will adversely impact markets or issuers in other countries or regions. Securities in the Fund's portfolio may underperform in comparison to securities in general financial markets, a particular



financial market or other asset classes due to a number of factors, including inflation (or expectations for inflation), deflation (or expectations for deflation), interest rates, global demand for particular products or resources, market instability, debt crises and downgrades, embargoes, tariffs, sanctions and other trade barriers, regulatory events, other governmental trade or market control programs and related geopolitical events. In addition, the value of the Fund's investments may be negatively affected by the occurrence of global events such as war, terrorism, environmental disasters, natural disasters or events, country instability, and infectious disease epidemics or pandemics.

For example, the outbreak of COVID-19 has negatively affected economies, markets and individual companies throughout the world, including those in which the Fund invests. The effects of this pandemic to public health and business and market conditions, including, among other things, reduced consumer demand and economic output, supply chain disruptions and increased government spending, may continue to have a significant negative impact on the performance of the Fund's investments, increase the Fund's volatility, exacerbate pre-existing political, social and economic risks to the Fund, and negatively impact broad segments of businesses and populations. In addition, governments, their regulatory agencies, or self-regulatory organizations have taken or may take actions in response to the pandemic that affect the instruments in which the Fund invests, or the issuers of such instruments, in ways that could have a significant negative impact on the Fund's investment performance. The duration and extent of COVID-19 and associated economic and market conditions and uncertainty over the long-term cannot be reasonably estimated at this time. The ultimate impact of COVID-19 and the extent to which the associated conditions impact the Fund will also depend on future developments, which are highly uncertain, difficult to accurately predict and subject to frequent changes.

- Early Close/Trading Halt Risk is the risk that an exchange or market may close or issue trading halts on specific securities, or the ability to buy or sell certain securities or financial instruments may be restricted, which may prevent the Fund from buying or selling certain securities or financial instruments. In these circumstances, the Fund may be unable to rebalance its portfolio, may be unable to accurately price its investments and may incur substantial trading losses.
- Industry and security risk is the risk that the value of securities in a particular industry or the value of an individual stock or bond will decline because of changing expectations for the performance of that industry or for the individual company issuing the stock or bond.
- Management risk is the risk that the Advisor's assessment of a company's ability to increase earnings faster than the rest of the market is not correct, the securities in the portfolio may not increase in value, and could decrease in value.
- Interest rate risk is the risk that changes in interest rates may affect the yield, liquidity and value of investments in income producing or debt securities. As rates rise, the price of a fixed rate bond will fall.
- Credit risk is the possibility that a bond's issuer (or an entity that insures a bond) will be unable to make timely payments of interest and principal.
- Foreign investment risk is the risk that foreign securities may be adversely affected by political instability, changes in currency exchange rates, foreign economic conditions or inadequate regulatory and accounting standards.
- Technology Securities Risk is the risk that certain technology related companies may face special risks that their products or services may not prove to be commercially successful. Technology related companies are also strongly affected by worldwide scientific or technological developments. As a result, their products may rapidly become obsolete. Such companies are also often subject to governmental regulation and may, therefore, be adversely affected by governmental policies.
- Liquidity risk is the possibility that securities cannot be readily sold, or can only be sold at a price lower than the price that the Fund has valued them. From time to time, there may be little or no active trading market for a particular investment in which the Fund may invest or is invested.
- Small Cap stocks tend to have a high risk exposure to market fluctuations and failure.



- Mid Cap stocks also tend to have a greater risk exposure to market fluctuations and failure but normally not as much so as the Small Cap stocks.
- Equity Risk. In general, stocks and other equity security values fluctuate, and sometimes widely fluctuate, in response to changes in a company's financial condition as well as general market, economic and political conditions and other factors.
- Repurchase Agreements Risk. The Fund may enter into repurchase agreements under which it purchases a security that a seller has agreed to repurchase from the Fund at a later date at the same price plus interest. If a seller defaults and the security declines in value, the Fund might incur a loss. If the seller declares bankruptcy, the Portfolio Fund may not be able to sell the security at the desired time.
- Depositary Receipts Risk. Investments in depositary receipts (including American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts) are generally subject to the same risks of investing in the foreign securities that they evidence or into which they may be converted. In addition, issuers underlying unsponsored depositary receipts may not provide as much information as U.S. issuers and issuers underlying sponsored depositary receipts. Unsponsored depositary receipts also may not carry the same voting privileges as sponsored depositary receipts.
- Convertible Securities have the risk of loss of principal at maturity, however, this loss is limited to the value of the bond floor.
- Large Cap Company Risk is the risk that larger more established companies may be unable to respond quickly to new competitive challenges such as changes in technology and consumer tastes. Many larger companies also may not be able to attain the high growth rate of successful smaller companies, especially during extended periods of economic expansion.
- Investments in Other Investment Companies is the risk that the Fund's investments in other investment companies will be subject to the risks of the purchased investment company's portfolio securities. The Fund's shareholders must bear not only their proportionate share of the Fund's fees and expenses, but they also must bear indirectly the fees and expenses of the other investment company. In addition, the Fund's net asset value is subject to fluctuations in the net asset values of the other investment companies in which it invests. The ability of the Fund to meet its investment objective will depend, to a significant degree, on the ability of the other investment companies to meet their objectives.
- Exchange-Traded Funds ("ETFs"). ETFs are investment companies whose shares are listed on a securities exchange and trade like a stock throughout the day. Investments in ETFs are subject to a variety of risks, including risks associated with the underlying securities that the ETF holds. The Fund's net asset value will be subject to fluctuations in the market values of the ETFs in which it invests. Also, ETFs that track particular indices typically will be unable to match the performance of the index exactly due to the ETF's operating expenses and transaction costs, among other things. Similar to investments in other investment companies, the Fund's shareholders must bear not only their proportionate share of the Fund's fees and expenses, but they also must bear indirectly the fees and expenses of the ETF. In addition, the ability of the Fund to meet its investment objective will directly depend on the ability of the ETFs to meet their investment objectives. The extent to which the investment performance and risks associated with the Fund correlate to those of a particular ETF will depend upon the extent to which the Fund's assets are allocated from time to time for investment in the ETF, which will vary.

Please see the Statement of Additional Information for further discussion of risks.

Risks vary between investment types. If available, always read the prospectus before investing. Loss of some or all of the money you invest is a risk of investing in any security. Before you invest you should carefully evaluate the risks associated with investing in companies involved in the legal cannabis and hemp business.



## Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of the firm or the integrity of the firm's management.

Like many Advisory firms, Investment Research Corporation voluntarily participated in the Share Class Selection Disclosure ("SCSD") Initiative. The Security and Exchange Commission ("SEC") described the SCSD Initiative as "a self-reporting program designed to address potentially widespread violations of the federal securities laws resulting from investment advisers failing to make required disclosures relating to their selection of mutual fund share classes that paid the advisers (as dually registered broker-dealers) or their related entities or individuals a fee pursuant to Rule 12b-1 of the Investment Company Act of 1940 ("12(b)-1" fee) when a lower-cost share class for the same fund was available to clients" and adequacy of the disclosures arising from the resulting conflicts of interest. A 12(b)-1 fee is an annual marketing or distribution fee on a mutual fund. The 12b-1 fee is considered to be an operational expense and, as such, is included in a fund's expense ratio. It is generally between 0.25% and 0.75% (the maximum allowed) of a fund's net assets."

As a result, IRC was issued a Cease and Desist Order by the SEC and made clients whole who were adversely affected by share class selection when a lower-cost share class for the same fund was available to the client. These payments were made to 38 account holders (several of which had multiple accounts within the same household) in amounts that totaled \$33,188. IRC also engaged in certain undertakings including reviewing and updating, where necessary, the adequacy of all relevant disclosure documents concerning mutual fund share class selection and 12b-1 fees; evaluating whether existing clients should be moved to lower cost share classes; as well as reviewing its policies and procedures to ensure they are reasonably designed to prevent violations of the Advisers Act in connection with disclosures regarding mutual fund share class selection.

The SCSD Order found IRC willfully violated; 1) Section 206(2) of the Advisers Act which makes it unlawful for any investment adviser, directly or indirectly to "engage in any transaction, practice or course of business which operates as a fraud or deceit upon any client or prospective client," and 2) Section 207 of the Advisers Act which makes it "unlawful for any person willfully to make any untrue statement of a material fact in any registration application or report filed with the Commission... or willfully to omit to state in any such application or report any material fact which is required to be stated therein."

Additional information regarding the SCDC Initiative may be found at <https://www.sec.gov/enforce/announcement/scsd-initiative>

## Other Financial Industry Activities or Affiliations

World Capital Brokerage, Inc., an affiliated company of Investment Research Corporation, is registered with the Securities and Exchange Commission and Financial Regulatory Authority as a Broker-Dealer for which Timothy Taggart is the Owner, President and Chief Compliance Officer, Patricia Blum is a Vice President and a Limited Principal and Michael L. Gaughan is a Vice President, Corporate Secretary and Operations Professional.

An IAR of the Firm may also be registered with WCB as a Registered Representative. Therefore, an IAR may be able to offer a client both investment advisory and brokerage services. Before engaging with an IAR, clients should take time to consider the differences between an advisory

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relationship and a brokerage relationship, and the costs related with each, to determine which type of services best services the client's investment needs and goals. Client should speak to the IAR to understand the different types of services available through the Firm and WCB.

Timothy Taggart is also the President and a member of the Investment Committee for American Growth Fund, Inc. Patricia Blum is a Vice President and Michael Gaughan is the Chief Compliance Officer and Corporate Secretary for American Growth Fund.

World Capital Brokerage, Inc. is the underwriter for American Growth Fund, Inc. The Firm has an investment advisory agreement with American Growth Fund, Inc.

The Firm does not recommend clients to affiliated companies.

The Firm does not engage in a business other than giving investment advice nor does it sell products or services other than investment advice to clients. The principal business of the Firm and of its principal executive officers does not involve something other than providing investment advice.

American Growth Fund, Inc. uses World Capital Brokerage, Inc. as a vehicle for trading, however, currently pays no commissions to World Capital Brokerage, Inc.

The Firm, American Growth Fund, Inc. and World Capital Brokerage, Inc. are a trio of companies. World Capital Brokerage, Inc. offers shares of the American Growth Fund to retail customers as well as underwriting services to other Broker Dealer clients.

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

The Firm has adopted a Code of Ethics pursuant to SEC rule 201A-1. The Code of Ethics is available at [www.invresearch.com/downloads.htm](http://www.invresearch.com/downloads.htm) or by calling 303-626-0634.

Associates of IRC are prohibited from recommending securities in which they have a material financial interest without first gaining express written consent and instructions from the Chief Compliance Officer.

All access persons are prohibited from recommending or executing a securities transaction on a day during which Firm has a pending "buy" or "sell" order in that same security until that order is executed or withdrawn.

Any such trades generally will be unwound or, if that is impractical, all profits from the trading will be disgorged to the appropriate investment company (or, alternatively, to a charitable organization).

### **Brokerage Practices**

The Firm does not recommend brokerage firms to any clients. Additionally, Advisor Representatives and Clients have no restrictions as to which brokerage firm they conduct business with. Certain regulations may require Investment Advisor Representatives who are also Registered Representatives to utilize World Capital Brokerage, Inc. as their brokerage firm.



## Review of Accounts

Reviews of accounts must be performed by the Investment Advisor Representative quarterly or as market warrants. These reviews must be in writing. Additionally, Investment Advisor Representatives must review the client's account with that client in person (or via an internet video web cast), over the telephone or via U.S. Mail.

Quarterly reports to clients from the Investment Advisory Representative must be in written form and include, at a minimum;

- Current Quarterly Holdings, Value and Performance,
- Rolling Twelve Month Performance, and
- Quarterly Activity Report.

## Client Referrals and Other Compensation

The Firm does not compensate for client referrals.

## Custody

The Firm does not keep custody of client funds or securities. Account statements are sent quarterly and as frequently as monthly, in some cases, directly to the client from the custodian. You should carefully review these statements and contact your IAR with any questions you may have.

## Investment Discretion

The Firm does have authority from American Growth Fund, Inc. to determine, without first obtaining specific client consent to;

- Securities to be bought or sold,
- The amount of the securities to be bought or sold,
- The Broker-Dealer to be used, and
- Commission rates paid.

Discretionary authority can be gained by the Investment Advisor Representative by entering into a contract with the client(s) that specifically states such authority in that contract.

## Voting Client Securities

The firm does not have and will not accept authority to vote client securities excluding the one discretionary account mentioned immediately above. For more details regarding how your securities are voted please contact your third-party vendor directly or your Investment Advisor Representative.

## Financial Information

The Firm does not require prepayment of more than \$1,200.00 in fees per client or payment of fees by clients six or more months in advance. Therefore, the Firm is not required to include a balance sheet.

The Firm has not been the subject of a bankruptcy petition at any time during the past ten (10) years.

On April 6, 2020, the firm received a Paycheck Protection Plan ("PPP") Loan through the Small Business Administration in conjunction with the relief afforded under the CARES Act. The firm



used the PPP to continue payroll for the firm and the firm did not suffer any interruption of service or other materially negative event.

