



SWBC Investment Company

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Firm Brochure (Form ADV Part 2A)

May 12, 2020

This brochure provides information about the qualifications and business practices of SWBC Investment Company. If you have any questions about the contents of this brochure, please contact us at 210-376-3279; or, compliance@swbc.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.

SWBC Investment Company is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Additional information about SWBC Investment Company is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 Summary of Material Changes

This Item 2 discloses material changes that have been made to this Brochure since the last annual update filed March 30, 2020.

Since our last annual update of this Brochure filed March 30, 2020, we have updated this Form ADV Part 2A for grammar, style and readability. The only material change we have made to a business practice is with regard to billing. Previously, we had billed clients prospectively. Going forward, we will bill in arrears. That is, in the previous arrangement, investment advisory fees for services to be rendered in 3Q2020 would have been due and payable as of July 1, 2020. We will forego billing at July 1, 2020. We will bill for the services rendered in 3Q2020 following September 30, 2020.

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Item 4 Advisory Business

Description of Firm

SWBC Investment Company (the "Firm") is an Investment Adviser registered as such with the United States Securities and Exchange Commission ("SEC") pursuant to the Investment Advisers Act of 1940. Colloquially, SWBC Investment company might be called a "'40 Act Adviser" or an "RIA". The Firm is owned by SWBC Corporation, a diversified provider of numerous financial services. SWBC Corporation is headquartered in San Antonio, TX. The Firm is organized as a corporation under the laws of the State of Texas. The Firm has been providing investment advisory services since 2007.

Only SWBC Investment Company is a '40 Act Adviser and this Form ADV pertains only to SWBC Investment Company. While "the company" is the '40 Act Adviser, the natural persons who deliver financial advice, manage portfolios and construct financial plans, etc. are known as "Investment Adviser Representatives" or "IARs". Typically, RIAs charge a fee for service, generally a percentage of an account's value. RIAs & IARs operate under the fiduciary standard and an RIA's fees are overtly disclosed in a bill presented to the client.

SWBC Corporation also owns a company called SWBC Investment Services, LLC, a securities broker / dealer ("b/d"), a member of the Financial Industry Regulatory Authority ("FINRA") and a member of the Securities Investor Protection Corporation ("SIPC"). The natural persons who offer the services of a b/d are "Registered Representatives" or "RRs" of their respective b/ds. B/Ds and RRs operate under a suitability standard of care. B/Ds are primarily compensated for doing transactions --- commissions when acting in the broker capacity, mark-ups and mark-downs when acting in the dealer capacity. B/Ds also earn concessions from investment sponsors for distributing that sponsor's investment products.

SWBC Corporation has subsidiaries in the insurance business, both as a creator of insurance products ("proprietary") and a distribution channel for insurance products created by others ("agency"). Generally speaking, the natural persons offering insurance products to the public are licensed in their respective States and are known as "Licensed Producers". Because of the large number of regulatory jurisdictions, the standard of care owed to the consumer is not as specifically defined as for securities' investors. Nonetheless, consumers are entitled to professionalism, fair dealing and honesty.

Natural persons employed by affiliates of SWBC Corporation may be licensed / registered in more than one professional capacity. For example, an individual may be an IAR of SWBC Corporation's RIA subsidiary. The very same person may also be an RR of SWBC Corporation's b/d subsidiary. Further, that same individual may also be a licensed insurance producer with an SWBC Corporation insurance subsidiary. Any client / prospective client is hereby advised that the ability of a single person to fill numerous roles creates a) potential conflicts of interest and b) potential for consumer misunderstanding.

As an organization, SWBC is committed to consumer sovereignty and transparency. We want to deliver services to clients under the arrangement preferred by the client. We also want the client to be aware of the capacity in which each SWBC financial professional is acting at the time of any transaction or of any professional engagement.

The following paragraphs describe our services and fees. Refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this Form ADV2A, the words "we," "our," and "us" refer to SWBC Investment Company and the words "you," "your," and "client" refer to you as either a client or prospective client of the Firm.

Portfolio Management Services

As part of our portfolio management services, we may use one or more sub-advisers to manage a portion of your financial assets. The sub-adviser(s) may use one or more of their model portfolios to manage your account. We will regularly monitor the performance of your accounts managed by sub-adviser(s). We will share a portion of the advisory fee you pay with the sub-adviser(s); however, you will not pay the Firm a higher advisory fee as a result of our use of any sub-advisers.

As part of our portfolio management services, in addition to other types of investments (see disclosures below in this section), we may invest your assets according to one or more model portfolios developed by an unaffiliated investment manager. These models are designed for investors with varying degrees of risk tolerance, ranging from more aggressive investment strategies to more conservative investment strategies. Clients whose assets are invested in model portfolios may not set restrictions on the specific holdings or allocations within the model, nor the types of securities that can be purchased in the model.

In providing account management services, we do not accept client restrictions on the specific securities or the types of securities that may be purchased for your account. However, at a client's direction, we can select sub-advisers specializing in portfolios that may avoid "sin stocks" and/or invest according to environmental, social and governance ("ESG") principles approved by the client.

Financial Planning Services

We offer financial planning services which typically involve providing a variety of advisory services to clients regarding the management of their financial resources based upon an analysis of their individual needs. These services can range from broad-based financial planning to consultative or single subject planning. If you retain our firm for financial planning services, we will gather information about your financial circumstances and objectives. We may also use financial planning software to determine your current financial position and to define and quantify your long-term goals and objectives. Once we specify those long-term objectives (both financial and non-financial), we will develop shorter-term, targeted objectives. Once we review and analyze the information you provide to us and the data derived from our financial planning software, we will deliver a written plan to you, designed to help you achieve your stated financial goals and objectives.

Financial plans are based on your financial situation at the time we present the plan to you, and on the financial information you provide to us. You must promptly notify us if your financial situation, goals, objectives or needs change.

You are under no obligation to act on our financial planning recommendations. Should you choose to act on any of our recommendations, you are not obligated to implement the financial plan through any of our other investment advisory services. Moreover, you may act on our recommendations by placing securities transactions with any brokerage firm.

Selection of Other Advisers

We may recommend that you use the services of a third party money manager ("TPMM") to manage all, or a portion of, your investment portfolio. After gathering information about your financial situation and objectives, we may recommend that you engage a specific TPMM or investment program. Factors that we take into consideration when making our recommendation(s) include, but are not limited to, the following: the TPMM's performance, methods of analysis, fees, your financial needs, investment goals, risk tolerance, and investment objectives. We will monitor the TPMM(s)' performance to ensure its management and investment style remains aligned with your investment goals and objectives.

Pension Consulting Services

Our affiliate, SWBC Investment Advisory Services, LLC (common ownership and control) offers pension consulting services to employee benefit plans, their fiduciaries and their sponsors.

The Firm, certain of its IARs and certain of the RRs of our affiliated b/d may also assist with participant enrollment meetings and provide investment-related educational seminars to plan participants on such topics as:

- Diversification;
- Asset allocation;
- Risk tolerance; and
- Time horizon

Please see Form ADV 2A, Item 10 below for a more detailed discussion.

Wrap Fee Program(s)

We are a portfolio manager to and sponsor of a wrap fee program which is a type of investment program that provides clients with access to several money managers or mutual fund asset allocation models for a single fee. That fee includes administrative fees, management fees and commissions. If you participate in our wrap fee program, you will pay the Firm a single fee which includes our investment management fees, certain transaction costs, custodial and administrative costs. The Firm will receive a portion of the wrap fee for our services. The overall cost you will incur if you participate in our wrap fee program may be higher or lower than you might incur by separately purchasing investment advisory services in a non-wrap fee format.

In order to participate in the wrap fee program sponsored by the Firm, you will be required to transact through our affiliated Broker / Dealer, SWBC Investment Services, LLC, member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. To compare the cost of the wrap fee program with non-wrap fee alternatives, you should consider the frequency of trading activity associated with your planned investment strategies and the brokerage commissions charged by other broker-dealers and the advisory fees charged by investment advisers. For more information concerning the Firm's wrap fee programs, see Appendix 1 to this Form ADV 2A.

Types of Investments

We offer advice regarding (and construct portfolios using) individual securities such as equity securities, fixed income securities and preferred securities. We also employ co-mingled securities such as exchange traded funds, open end mutual funds, closed end mutual funds and interval funds. We may also employ "short selling" as an investment strategy. From time to time, we may transact in listed call options or listed put options, either long or short, either "covered" or "naked".

Additionally, we may advise you on various types of investments based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship. Because our investment strategies and advice are based on each client's specific financial situation, the investment advice we provide to you may be different or conflicting with the advice we give to other clients regarding the same security or investment.

Finally, for those of our clients who are "Accredited Investors", the Firm may provide investment advice with respect to "Securities Exempt from Registration under Regulation D", generally speaking, "private placements". Some of these private placement investments may be sponsored by affiliates of the Firm. Others may be sponsored by unaffiliated third-parties. Please be advised that an inherent conflict of interest exists when the Firm advises a client to invest in a private placements sponsored by an affiliated entity (such as another SWBC enterprise under common control and ownership with the Firm).

Assets Under Management

As of December 31, 2019, we provide continuous management services for \$71,499,377 in client assets on a discretionary basis, and \$88,633,641 in client assets on a non-discretionary basis.

Item 5 Fees and Compensation

SWBC Private Client Services

Fees for investment advisory services are a percentage of assets under management, assessed quarterly in arrears. Advisory fees paid to SWBC Investment Company are separate and distinct from other costs to the client such as brokerage commissions and/or the costs inherent in co-mingled investment products such as mutual funds and exchange traded funds (i.e. expense ratios, etc.).

Fees are charged as a percentage of the assets under management as below:

Asset Based Advisory Accounts

Asset Value:	Maximum Annual Fee	Maximum Quarterly Fee
\$ 0 to \$ 499,999	2.00%	0.5000%
\$ 500,000 to \$ 999,999	1.75%	0.4375%
\$ 1,000,000 to \$ 4,999,999	1.50%	0.3750%
\$ 5,000,000 or more	1.25%	0.3125%

Fees are payable in arrears. Fees are negotiable. Fees will be pro-rated for time periods less than one quarter and adjusted for capital flows into or out of an account. The fees charged by the Firm will be deducted from a client's account by the account's custodian and remitted directly to the Firm. The client will provide the custodian with written instructions to accept, regard as accurate and to comply with the Firm's instruction to remit payment for services rendered.

Third Party money managers

The Firm has access to over 200 third party money managers to whom it may refer clients. The Firm's IARs will help the client select investment programs compatible to the client's stated financial goals and within the client's known risk tolerance. The third party money managers can be expected to transact on the clients behalf with discretion, subject to the Firm's assignment of the client's Limited Power of Attorney.

Financial Planning Fee Schedule

\$1,000.00 - \$10,000.00 - Full Plan (determined by current plans in place and complexity of estate and assets) - payable at the time of engagement. Plan will be delivered promptly, subject to the clients delivery of the necessary data inputs to the plan.

\$500.00 - minimum for modular plans - fully payable at the time of engagement.

\$250.00 - \$5,000.00 - Annual, semi-annual, quarterly, or monthly retainer for financial planning and consultation services. Hourly Planning Fee- \$75.00 - \$250.00 – subject to a 5 hour retainer paid at the time of engagement.

These services will vary per the individual IAR and will be specified in a written agreement between the Firm and the client prior to any services, specifying those services and the agreed-upon fee.

As a part of financial planning, certain IARs may also provide financial and investment advice in areas that are not securities or investments. These may include aspects of estate and tax planning, realty / 6 mortgage planning and/or education planning.

SWBC Institutional Advisory Services

Fees for investment advisory services are a percentage of assets under management, assessed quarterly in arrears. Advisory fees paid to SWBC Investment Company are separate and distinct from other costs to the client such as brokerage commissions and/or the costs inherent in co-mingled investment products such as mutual funds and exchange traded funds (i.e. expense ratios, etc.).

Fees for investment advisory services are a percentage of assets under management as either reported by an independent pricing service, reported by the client on its regulatory report (e.g. NCUA 5300 call report or similar report) or as otherwise agreed upon between the Firm adviser and the institutional client. Fees will be payable periodically (but no more frequently than monthly) in arrears. The fees charged by the Firm may be deducted from a client's account by the account's custodian and remitted directly to the Firm. Or, the Firm may submit a bill directly to client. If fees are deducted and remitted by the custodian, the client will have provided the custodian with written instructions to accept, regard as accurate and to comply with the Firm's instruction to remit payment for services rendered.

SWBC Investment Company's maximum annual fees with respect to institutional clients are as follows:

Investment Portfolio Value	Maximum Annual Fee
Less than \$25 million	25.0 basis points
\$25,000,001 to \$50,000,000	20.0 basis points
\$50,000,001 to \$75,000,000	18.0 basis points
\$75,000,001 to \$100,000,000	15.0 basis points
\$100,000,001 to \$150,000,000	10.0 basis points
More than \$150,000,000	8.0 basis points (0.080%)

Fees are negotiable on a case by case basis and may be lower than the maximum limit listed above. The fee negotiated between the Firm and the institutional client will vary based on the value, composition and complexity of the assets under management and specific services provided to the institutional client. Advisory fees paid to SWBC Investment Company are separate and distinct from other costs to the client such as brokerage commissions and/or the costs inherent in co-mingled investment products such as mutual funds and exchange traded funds (i.e. expense ratios, etc.).

Compensation for the Sale of Securities or Other Investment Products

Certain IARs of the Firm are also RRs of the Firm's affiliated b/d, SWBC Investment Services, LLC. In their capacities as RRs, these persons receive compensation in connection with the purchase and sale of securities or other investment products, including asset-based sales charges, service fees or 12b-1 fees, for the sale or holding, of mutual funds. Compensation earned by these persons in their capacities as RRs is separate and in addition to the Firm's advisory fees. This presents a conflict of interest. Persons providing investment advice to advisory clients on behalf of the Firm who are also RRs of our affiliated b/d have an incentive to recommend investment products based on the compensation received, rather than solely based on client needs. Persons providing investment advice to advisory clients on behalf of our firm can select or recommend, and in many instances will select or recommend, mutual fund investments in share classes that pay 12b-1 fees when clients are eligible to purchase share classes of the same funds that do not pay such fees and are less expensive. This presents a conflict of interest. You are under no obligation, contractually or otherwise, to purchase securities products through any person affiliated with our firm who receives compensation described above.

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

We do not accept performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Our fees are calculated as described in the *Fees and Compensation* section above, and are not charged on the basis of a share of capital appreciation.

Item 7 Types of Clients

As alluded to above, the types of clients we serve, generally speaking, fall into one of two categories. With respect to "Private Clients", we offer investment advisory services to individuals (other than high net worth individuals), high net worth individuals, qualified retirement accounts, revocable trusts, irrevocable trusts, etc. With respect to "Institutional Clients" we offer investment advisory services to credit unions, banking or thrift institutions, endowments, charitable organizations, insurance and other corporations, etc.

In general, we do not require a minimum dollar amount to open and maintain an advisory account; however, we have the right to terminate a relationship if the advisory assets fall below a minimum which, in our sole opinion, is too small to manage effectively.

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

Our Methods of Analysis and Investment Strategies

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

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

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

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

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

Fundamental Analysis - involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company and its industry. The

resulting data is used to measure the true value of the company's stock compared to the current market value.

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

Cyclical Analysis - a type of technical analysis that involves evaluating recurring price patterns and trends. Economic/business cycles may not be predictable and may have many fluctuations between long-term expansions and contractions.

Risk: The lengths of economic cycles may be difficult to predict with accuracy and therefore the risk of cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends.

Long-Term Purchases - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

Risk: Using a long-term purchase strategy generally assumes the financial markets will go up in the long-term which may not be the case. There is also the risk that the segment of the market that you are invested in or perhaps just your particular investment will go down over time even if the overall financial markets advance. Purchasing investments long-term may create an opportunity cost - "locking-up" assets that may be better utilized in the short-term in other investments.

Short-Term Purchases - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.

Risk: Using a short-term purchase strategy generally assumes that we can predict how financial markets will perform in the short-term which may be very difficult and will incur a disproportionately higher amount of transaction costs compared to long-term trading. There are many factors that can affect financial market performance in the short-term (such as short-term interest rate changes, cyclical earnings announcements, etc.) but may have a smaller impact over longer periods of times.

Margin Transactions - a securities transaction in which an investor borrows money to purchase a security, in which case the security serves as collateral on the loan.

Risk: If the value of the shares drops sufficiently, the investor will be required to either deposit more cash into the account or sell a portion of the stock in order to maintain the margin requirements of the account. This is known as a "margin call." An investor's overall risk includes the amount of money invested plus the amount that was loaned to them.

Option Writing - a securities transaction that involves selling an option. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell a particular security at a specified price on or before the expiration date of the option. When an investor sells a call option, he or she must deliver to the buyer a specified number of shares if the buyer exercises the option. When an investor sells a put option, he or she must pay the strike price per share if the buyer exercises the option, and will receive the specified number of shares. The option writer/seller receives a premium (the market

price of the option at a particular time) in exchange for writing the option.

Risk: Options are complex investments and can be very risky, especially if the investor does not own the underlying stock. In certain situations, an investor's risk can be unlimited.

Trading - We may use frequent trading (in general, selling securities within 30 days of purchasing the same securities) as an investment strategy when managing your account(s). Frequent trading is not a fundamental part of our overall investment strategy, but we may use this strategy occasionally when we determine that it is suitable given your stated investment objectives and tolerance for risk. This may include buying and selling securities frequently in an effort to capture significant market gains and avoid significant losses.

Risk: When a frequent trading policy is in effect, there is a risk that investment performance within your account may be negatively affected, particularly through increased brokerage and other transactional costs and taxes.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial information, liquidity needs and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio. **It is important that you notify us immediately with respect to any material changes to your financial circumstances, including for example, a change in your current or expected income level, tax circumstances, or employment status.**

Tax Considerations

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

Custodians and broker-dealers must report the cost basis of equities acquired in client accounts. Your custodian will default to the First-In First-Out ("FIFO") accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

Risk of Loss

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

Other Risk Considerations

When evaluating risk, financial loss may be viewed differently by each client and may depend on many different risks, each of which may affect the probability and magnitude of any potential losses. The following risks may not be all-inclusive, but should be considered carefully by a prospective client before retaining our services.

Liquidity Risk: The risk of being unable to sell your investment at a fair price at a given time due to high volatility or lack of active liquid markets. You may receive a lower price or it may not be possible to sell the investment at all.

Credit Risk: Credit risk typically applies to debt investments such as corporate, municipal, and sovereign fixed income or bonds. A bond issuing entity can experience a credit event that could impair or erase the value of an issuer's securities held by a client.

Inflation and Interest Rate Risk: Security prices and portfolio returns will likely vary in response to changes in inflation and interest rates. Inflation causes the value of future dollars to be worth less and may reduce the purchasing power of a client's future interest payments and principal. Inflation also generally leads to higher interest rates which may cause the value of many types of fixed income investments to decline.

Horizon and Longevity Risk: The risk that your investment horizon is shortened because of an unforeseen event, for example, the loss of your job. This may force you to sell investments that you were expecting to hold for the long term. If you must sell at a time that the markets are down, you may lose money. Longevity Risk is the risk of outliving your savings. This risk is particularly relevant for people who are retired, or are nearing retirement.

Recommendation of Particular Types of Securities

We recommend various types of securities and we do not primarily recommend one particular type of security over another since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with the investment. A description of the types of securities we may recommend to you and some of their inherent risks are provided below.

Item 9 Disciplinary Information

Registered Investment Advisors (RIA's) are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of our firm. SWBC Investment Company has no information applicable to this item.

Item 10 Other Financial Industry Activities and Affiliations

Registrations with Broker-Dealer

Persons providing investment advice on behalf of our firm may be registered representatives with SWBC Investment Services LLC, a securities broker-dealer. See the *Fees and Compensation* section in this brochure for more information on the compensation received by registered representatives who are affiliated with our firm.

Arrangements with Affiliated Entities

We are affiliated with SWBC Investment Services, LLC through common control and ownership. Persons providing investment advice on behalf of our firm may also be registered representatives of affiliate broker dealer. In their capacity as registered representatives, these persons will receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products.

Compensation earned by these persons in their capacities as registered representatives is separate from our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are registered representatives have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your needs.

We are affiliated with SWBC Investment Advisory Services LLC through common control and ownership. We will recommend that you use the services of our affiliate if appropriate and suitable for your needs. Our advisory services are separate and distinct from the fees paid to our affiliate for their services.

We are affiliated with SWBC Investment Services LLC through common control and ownership. Therefore, persons providing investment advice on behalf of our firm may be licensed as insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate from our advisory fees. See the *Fees and Compensation* section in this brochure for more information on the compensation received by insurance agents who are affiliated with our firm. This affiliated firm is otherwise regulated by the professional organizations to which it belongs and must comply with the rules of those organizations. These rules may prohibit paying or receiving referral fees to or from investment advisers that are not members of the same organization.

Referral arrangements with an affiliated entity present a conflict of interest for us because we may have a direct or indirect financial incentive to recommend an affiliated firm's services. While we believe that compensation charged by an affiliated firm is competitive, such compensation may be higher than fees charged by other firms providing the same or similar services. You are under no obligation to use the services of any firm we recommend, whether affiliated or otherwise, and may obtain comparable services and/or lower fees through other firms.

Recommendation of Other Advisers

We may recommend that you use a third party money manager ("TPMM") based on your needs and suitability. We will not receive separate compensation, directly or indirectly, from the TPMM for recommending that you use their services. Moreover, we do not have any other business relationships with the recommended TPMM(s). Refer to the *Advisory Business* section above for additional disclosures on this topic.

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

Description of Our Code of Ethics

The firm has established the following Code of Ethics and will provide a copy of this Code, with amendments, to all supervised persons and to any client or prospective client who indicates in writing a desire to obtain a copy.

The firm will document acceptance / acknowledgement of the required code, meaning an intention to abide by Federal Laws and rules regarding the prohibition against the use of insider information and Rule 204A-1.

In order to prevent misuse of material, non-public information, the firm requires:

- all persons with access to such information to report their holding and transactions to the firm in writing by means of copies of such market transactions for themselves and their near relatives (parents, siblings and children). The broker dealer used must be SWBC Investment Services, LLC
- supervised persons to report promptly to an officer any violations of the code;
- that an appropriate, designated person be named to maintain and enforce the code,
- review access person's personal securities reports and
- at least an annual review to evaluate the Code's efficacy and applicability.

The firm's identified Access Persons are required to report periodically their own personal securities transactions and holdings (and those of near relatives, etc.) to the Chief Compliance Officer or other Designated Person.

These periodic reports shall include at a minimum a complete report of each Access Person's securities holdings at the time the person becomes an Access Person and at least once a year thereafter. Access persons shall submit quarterly reports of all their personal securities transactions no later than 30 days after the close of the calendar quarter.

Access Persons shall submit holdings and transaction reports for "reportable securities" in which the Access Person has or acquires any direct or indirect beneficial ownership. All Access Persons shall obtain the investment adviser's approval before investing in any IPO or private placement.

In adopting this Code of Ethics, the firm also adopts the standard that requires all employees to live up to a standard of ethical conduct based on principles of openness, integrity, honesty and trust.

Participation or Interest in Client Transactions

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

Item 12 Brokerage Practices

Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. In recognition of the value of the services the Custodian provides, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

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

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

Research and Other Soft Dollar Benefits

We do not have any soft dollar arrangements.

Economic Benefits

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

Brokerage for Client Referrals

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

Directed Brokerage

To the extent that SWBC Investment Company may employ its affiliate b/d to serve your account, your trades will clear through and your cash and securities will be held by **National Financial Services**. We do not allow directed brokerage trades, however, rely on National Financial Services for the best execution of our trades. We do not place trades with certain brokers to receive favorable treatment or payment, which could create a conflict of interest.

Persons providing investment advice on behalf of our firm who are registered representatives of SWBC Investment Services LLC will recommend SWBC Investment Services LLC to you for brokerage services. These individuals are subject to applicable rules that restrict them from conducting securities transactions away from SWBC Investment Services LLC unless SWBC Investment Services LLC provides the representative with written authorization to do so. Therefore, these individuals are generally limited to conducting securities transactions through SWBC Investment Services LLC. It may be the case that SWBC Investment Services LLC charges higher transactions costs and/or custodial fees than another broker charges for the same types of services. If transactions are executed through SWBC Investment Services LLC, these individuals (in their separate capacities as registered representatives of SWBC Investment Services LLC) may earn commission-based compensation as result of placing the recommended securities transactions through SWBC Investment Services LLC. This practice presents a conflict of interest because these registered representatives have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your needs. You may utilize the broker-dealer of your choice and have no obligation to purchase or sell securities through such broker as, we recommend. However, if you do not use SWBC Investment Services LLC, we may not be able to accept your account. See the *Fees and Compensation* section in this brochure for more information on the compensation received by registered representatives who are affiliated with our firm.

You may choose to appoint **TD Ameritrade Institutional**, a division of TD Ameritrade Inc., member FINRA/SIPC/NFA ("TD Ameritrade") as your Custodian ("Custodian") to take and have possession of your assets. Adviser shall not maintain possession of nor have custody of such assets. Custodian is a US Securities and Exchange registered broker / dealer. Adviser and Custodian are distinct, unaffiliated enterprises. There is no employment, agency or common control relationship between Custodian and Adviser.

Aggregated Trades

Generally, we do not combine multiple orders for shares of the same securities purchased for advisory accounts we manage (the practice of combining multiple orders for shares of the same securities is commonly referred to as "aggregated trading"). Accordingly, you may pay different

prices for the same securities transactions than other clients pay. Furthermore, we may not be able to buy and sell the same quantities of securities for you and you may pay higher commissions, fees, and/or transaction costs than other clients.

Item 13 Review of Accounts

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

While reviews and updates to the financial plan are not part of the contracted services, at your request we will review your financial plan to determine if the investment advice provided is consistent with your investment needs and objectives. We will also update the financial plan at your request. At our sole discretion, reviews and updates may be subject to our then current hourly rate. If you implement the financial planning advice provided by our firm, you will receive trade confirmations and monthly or quarterly statements from relevant custodians.

While reviews of your investment account(s) are not part of the contracted services, at your request we will review your investment account(s). Otherwise, we do not review or monitor your investment account(s) or review statements you receive from any third-party money manager or account custodian. At your request, we may meet with you and/or your other professionals to discuss asset allocation, but we will not make recommendations regarding specific investments or provide any regular written reports to you. At our sole discretion, reviews and meetings may be subject to our then current hourly rate.

Item 14 Client Referrals and Other Compensation

As disclosed under the *Fees and Compensation* section in this brochure, persons providing investment advice on behalf of our firm are licensed insurance agents, and are registered representatives with SWBC Investment Services LLC, a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. For information on the conflicts of interest this presents, and how we address these conflicts, refer to the *Fees and Compensation* section.

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

Refer to the *Brokerage Practices* section above for disclosures on research and other benefits we may receive resulting from our relationship with your account custodian.

Item 15 Custody

For accounts where we have the authority to directly debit the advisory fee, our Firm is deemed to have custody. As paying agent for our firm, your independent custodian will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other qualified custodian. You will receive account statements from the qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

Item 16 Investment Discretion

Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement and the appropriate trading authorization forms.

You may grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s), the broker or dealer to be used for each transaction, and over the commission rates to be paid without obtaining your consent or approval prior to each transaction. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Refer to the *Advisory Business* section in this Brochure for more information on our discretionary management services.

If you enter into non-discretionary arrangements with our firm, we will obtain your approval prior to the execution of any transactions for your account(s). You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

Item 17 Voting Client Securities

We will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of applicable securities, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitations to vote proxies.

Item 18 Financial Information

We do not require or solicit pre-paid fees exceeding \$1,200 per client, six months or more in advance, nor is there any financial condition that is reasonably likely to impair SWBC's ability to meet its contractual commitments to clients; consequently, we have not provided a balance sheet. We have not filed a bankruptcy petition at any time in the past ten years.

Item 19 Requirements for State-Registered Advisers

We are a federally registered investment adviser; therefore, we are not required to respond to this item.

Item 20 Additional Information

Trade Errors

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account.

Class Action Lawsuits

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you. We do not provide legal advice.

IRA Rollover Considerations

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

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

1. Leaving the funds in your employer's (former employer's) plan.
2. Moving the funds to a new employer's retirement plan.
3. Cashing out and taking a taxable distribution from the plan.
4. Rolling the funds into an IRA rollover account.

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

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

1. Determine whether the investment options in your employer's retirement plan address your needs or whether you might want to consider other types of investments.
 - Employer retirement plans generally have a more limited investment menu than IRAs.
 - Employer retirement plans may have unique investment options not available to the public such as employer securities, or previously closed funds.
2. Your current plan may have lower fees than our fees.
 - If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA.
 - You should understand the various products and services you might take advantage of at an IRA provider and the potential costs of those products and services.
3. Our strategy may have higher risk than the option(s) provided to you in your plan.
4. Your current plan may also offer financial advice.
5. If you keep your assets titled in a 401k or retirement account, you could potentially delay your required minimum distribution beyond age 70.5.
6. Your 401k may offer more liability protection than a rollover IRA; each state may vary.
 - Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies. However, there may be exceptions to the general rules so you should consult with an attorney if you are concerned about protecting your retirement plan assets from creditors.

7. You may be able to take out a loan on your 401k, but not from an IRA.
8. IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or the purchase of a home.
9. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.

10. Your plan may allow you to hire us as the manager and keep the assets titled in the plan name.

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