

# Investor Resources Inc.

ADV Part 2A, Firm Brochure

Dated: June 6, 2018

Contact: Donald Creech, Chief Compliance Officer

1922 Pottery Ave., Suite 110

Port Orchard, Washington 98366

[www.investorresourcesinc.com](http://www.investorresourcesinc.com)

CRD#110766

**This Brochure provides information about the qualifications and business practices of Investor Resources Inc. If you have any questions about the contents of this Brochure, please contact us at (360) 895-9119 or [don@investorresourcesinc.com](mailto:don@investorresourcesinc.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 Investor Resources Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**References herein to Investor Resources Inc. as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.**

## Item 2 Material Changes

There have been no material changes made this Firm Brochure since the previous Annual Amendment filing on June 27, 2017.

**ANY QUESTIONS: Investor Resources Inc.'s Chief Compliance Officer, Donald Creech, remains available to address any questions that a client or prospective client may have about the disclosures and arrangements described in this Firm Brochure.**

## Item 3 Table of Contents

Item 1	Cover Page.....	1
Item 2	Material Changes.....	2
Item 3	Table of Contents.....	2
Item 4	Advisory Business.....	3
Item 5	Fees and Compensation.....	6
Item 6	Performance-Based Fees and Side-by-Side Management.....	9
Item 7	Types of Clients.....	10
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss.....	10
Item 9	Disciplinary Information.....	11
Item 10	Other Financial Industry Activities and Affiliations.....	11
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	12
Item 12	Brokerage Practices.....	13
Item 13	Review of Accounts.....	14
Item 14	Client Referrals and Other Compensation.....	15
Item 15	Custody.....	15
Item 16	Investment Discretion.....	15
Item 17	Voting Client Securities.....	16
Item 18	Financial Information.....	16
Item 19	Requirements for State-Registered Advisers.....	16

## Item 4      **Advisory Business**

- A. Investor Resources Inc. (“Investor Resources”) is a corporation formed on June 25, 1990 in the state of Washington. Investor Resources became registered as an Investment Adviser Firm in December 1990. Investor Resources is owned by Donald Creech and Perry Sikes, Jr. Mr. Creech is Investor Resources’ President.
- B. As discussed below, Investor Resources offers to its clients (currently: individuals, high net worth individuals, related trusts, and pension and profit sharing plans) investment advisory services, and, to the extent specifically requested by a client, limited investment planning consulting services on a separate stand-alone fee basis. Investor Resources does not provide comprehensive financial planning services or insurance planning services.

### **Investment Advisory Services**

A client can engage Investor Resources to provide discretionary investment advisory services only on a fee basis. Investor Resources’ annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under Investor Resources’ management as follows:

#### **IRI Select Portfolio**

Investor Resources applies on-going relative strength analysis to Exchange Traded Funds (“ETFs”) sponsored by and custodied at Charles Schwab & Co, Inc., a FINRA member and SEC registered broker dealer / custodian (“*Schwab*”). As of the date of this Brochure, *Schwab* does not sponsor ETFs that invest in currencies or commodities. The portfolio will at various times hold minimal to 100% cash balances. On occasion, the strategy may use mutual funds acquired at Net Asset Value and with no transaction fees. *Schwab* does not charge transaction fees for trading Schwab ETFs.

#### **Jefferson National Monument Advisor Variable Annuity Program**

Investor Resources applies on-going relative strength analysis to Variable Annuity subaccounts available at the Monument Advisor Variable Annuity Program. The portfolio will at various times hold minimal to 100% cash balances.

#### **IRI Global Opportunity Portfolio**

Investor Resources applies on-going relative strength analysis to ETFs without regard to sponsor. The Asset Allocation process is dynamic using relative strength to determine when to acquire Domestic Equity, International Equity, Fixed Income, Currency or Commodity ETFs. The portfolio will at various times hold minimal to 100% cash balances. On occasion, the strategy may use mutual funds acquired at Net Asset Value and with no transaction fee. Portfolios may hold individual stocks or bonds. Depending upon the value of assets allocated to this strategy, the client may choose to elect to pay asset-based (as opposed to transaction-based) charges to *Schwab* for execution, custody, and reporting services. Please refer to Item 5.C. below for more information in this respect.

#### **IRI Concentrated Exposure Portfolio**

Investor Resources applies on-going relative strength analysis to ETFs without regard to sponsor. The portfolio can concentrate positions by industry, sector or asset class including 100% cash. The portfolio may be concentrated in a single asset class and hold

ten or fewer ETFs. The portfolio may also hold individual stocks or bonds. Portfolio expenses are higher than the Select Portfolio.–The portfolio will at various times hold minimal to 100% cash balances. Depending upon the value of assets allocated to this strategy, the client may choose to elect to pay asset-based (as opposed to transaction-based) charges to *Schwab* for execution, custody, and reporting services. Please refer to Item 5.C. below for more information in this respect.

### **Qualified Retirement Plan Trustee Support**

Investor Resources acknowledges its role as a fiduciary to trustees of qualified retirement plans. Investor Resources provides fund selection for 401k plans and quarterly screening and reporting to plan sponsors according to the terms and conditions of a *Qualified Retirement Plan Trustee Support Agreement*. Investor Resources conducts informational employee meetings on behalf of plan sponsors regarding issues relevant to the plan’s approved investment menu. In some circumstances, the client can also engage Investor Resources with the discretionary authority to select investment alternatives that will be made available to plan participants, from which plan participants shall choose in self-directing the investments for their individual plan retirement accounts.

### **Investment Review Services (Stand-Alone)**

To the extent requested by a client, Investor Resources may determine to provide its Investment Review Service on a stand-alone separate fee basis. This service includes the review of a client’s existing financial portfolio and the development of a “Relative Strength Matrix” (which is an analysis of assets to identify strengths and weaknesses, relative to Investor Resources’ proposed allocations and current market conditions). Prior to engaging Investor Resources to provide its Investment Review Service, clients are required to enter into a *Limited Consulting Agreement* with Investor Resources setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client before Investor Resources will commence its services. With respect to this service, the client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Investor Resources.

### **Miscellaneous**

**Limitations of Financial and Investment Consulting Services.** Investor Resources does not serve as a law firm, accounting firm, or insurance agency, and no portion of Investor Resources’ services should be construed as legal, accounting, or insurance implementation services. Accordingly, Investor Resources does not prepare estate planning documents, tax returns or sell insurance products. To the extent requested by a client, Investor Resources may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance agents, etc.). Clients are reminded that they are under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation made by Investor Resources or its representatives.

**Educational Seminars and Newsletter Subscriptions.** Investor Resources provides educational seminars and subscriptions to newsletters to the public, free of charge.

**Non-Discretionary Service Limitations.** Clients who have chosen to engage Investor Resources on a non-discretionary investment advisory basis must be willing to accept that Investor Resources cannot effect any account transactions without obtaining prior consent to any such transaction(s) from the client. Thus, if Investor Resources would like to make a transaction for a client's account (including in the event of an individual holding or general market correction), and the client is unavailable, Investor Resources will be unable to effect the account transaction(s) (as it would for its discretionary clients) without first obtaining the client's consent.

**Client Obligations.** In performing its services, Investor Resources shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains their responsibility to promptly notify Investor Resources if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Investor Resources' previous recommendations and/or services.

**Cash Positions.** Depending upon perceived or anticipated market conditions/events (there being **no guarantee** that such anticipated market conditions/events will occur), Investor Resources **may** maintain cash positions for defensive or liquidity purposes. All cash positions (money markets, etc.) shall be included as part of assets under management for purposes of calculating Investor Resources' advisory fee. **Investor Resources' Chief Compliance Officer, Donald Creech, remains available to address any questions that a client or prospective client may have regarding the above fee billing practice.**

**Retirement Plan Rollovers – No Obligation / Potential for Conflict of Interest.** A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If Investor Resources recommends that a client roll over their retirement plan assets into an account to be managed by Investor Resources, such a recommendation creates a conflict of interest if Investor Resources will earn a new (or increase its current) advisory fee as a result of the rollover. To the extent that Investor Resources recommends that clients roll over assets from their retirement plan to an IRA managed by Investor Resources, then Investor Resources represents that it and its investment adviser representatives are fiduciaries under the Employee Retirement Income Security Act of 1974 ("ERISA"), or the Internal Revenue Code, or both. **No client is under any obligation to roll over retirement plan assets to an account managed by Investor Resources. Investor Resources' Chief Compliance Officer, Donald Creech, remains available to address any questions that a client or prospective client may have regarding the potential for conflict of interest presented by such a rollover recommendation.**

**ERISA / IRC Fiduciary Acknowledgment.** If the client is: (i) a retirement plan ("Plan") organized under ERISA; (ii) a participant or beneficiary of a Plan subject to Title I of ERISA or described in section 4975(e)(1)(A) of the Internal Revenue Code, with

authority to direct the investment of assets in his or her Plan account or to take a distribution; (iii) the beneficial owner of an IRA acting on behalf of the IRA; or (iv) a Retail Fiduciary with respect to a plan subject to Title I of ERISA or described in section 4975(e)(1)(A) of the Internal Revenue Code: then Investor Resources represents that it and its representatives are fiduciaries under ERISA or the Internal Revenue Code, or both, with respect to any investment advice provided by Investor Resources or its representatives or with respect to any investment recommendations regarding an ERISA Plan or participant or beneficiary account.

**Use of Mutual Funds and ETFs.** While Investor Resources may recommend allocating investment assets to mutual funds and ETFs that are not available directly to the public, Investor Resources may also recommend that clients allocate investment assets to publicly-available mutual funds and ETFs that they could obtain without engaging Investor Resources as an investment advisor. However, if a client or prospective client determines to allocate investment assets to publicly-available mutual funds and ETFs without engaging Investor Resources as an investment advisor, they would not receive the benefit of Investor Resources' initial and ongoing investment advisory services.

**Disclosure Statement.** A copy of Investor Resources' written Brochure as set forth on Part 2A and 2B of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement* or *Limited Consulting Agreement*.

- C. Investor Resources shall provide investment advisory services for each of client's accounts consistent with the investment policy designated in the client's *Investment Advisory Agreement*. Thereafter, Investor Resources shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on Investor Resources' services.
- D. Investor Resources does not participate in a wrap fee program.
- E. As of March 31, 2018, Investor Resources had \$59,677,929 in assets under management on a discretionary basis and \$6,652,967 in assets under management on a non-discretionary basis.

## **Item 5 Fees and Compensation**

A.

### **Investment Advisory Services**

A client can engage Investor Resources to provide discretionary investment advisory services only on a fee basis, Investor Resources' non-negotiable annual investment advisory fee shall be based upon a percentage (%) of the market value and type of assets placed under Investor Resources' management (between 0.20% and 1.75%) as follows:

#### **IRI Select Portfolio / Jefferson National Monument Advisor Variable Annuity Program**

Investor Resources charges a non-negotiable annual investment advisory fee equal to 1.00% of the market value of the assets placed under Investor Resources' management

for the IRI Select Portfolio. This fee is payable quarterly, in arrears, based upon the market value of the assets on the last business day of the previous quarter. Upon termination of the engagement, Investor Resources shall bill for the pro-rated portion of the advisory fee based upon the number of days that services were provided during the billing quarter and the value of assets on the effective date of termination.

The Jefferson National Monument Advisor Variable Annuity fees are deducted in arrears by Jefferson National. No refund is due upon termination.

\*Investor Resources generally requires a minimum asset level of \$100,000 under the IRI Select Portfolio and the Jefferson National Monument Advisor Variable Annuity.

**IRI Global Opportunity Portfolio and Concentrated Exposure Portfolio**

For participation in the IRI Global Opportunity Portfolio, Investor Resources’ non-negotiable annual investment advisory fee shall be based upon a percentage (%) of the market value of the assets placed under Investor Resources’ management (between 0.75% and 1.75%) as follows:

<b>Market Value of Portfolio</b>	<b>% of Assets</b>
On the first \$250,000	1.75%/year = 0.4375%/quarter
On the next \$250,000	1.65%/year = 0.4125%/quarter
On the next \$500,000	1.50%/year = 0.375%/quarter
On the next \$1,000,000	1.00%/year = 0.250%/quarter
On the excess	0.75%/year = 0.1875%/quarter

This fee is payable quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter. Upon termination of the engagement, Investor Resources shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days services were provided during the billing quarter and the value of assets on the effective date of termination.

Depending upon the value of assets allocated to either of these strategies, the client may choose to elect to pay asset-based (as opposed to transaction-based) charges to the broker-dealer/custodian for execution, custody, and reporting services. Please refer to Item 5.C. below for more information in this respect.

**Qualified Plan Trustee Support**

For Investor Resources’ Qualified Retirement Plan Trustee Support, Investor Resources’ negotiable annual investment advisory fee shall be based upon a percentage (%) of the market value of the assets placed under Investor Resources’ advisement (between 0.05% and 1.00%) as follows for plans using Exchange Traded Funds custodied at Charles Schwab Trust Company:

<b>Market Value of Portfolio</b>	<b>% of Assets</b>
On the first \$500,000	0.90%/year = .225%/quarter
On the next \$500,000	0.80%/year = .200%/quarter
On the next \$2,000,000	0.65%/year = .1625%/quarter
On the next \$2,000,000	0.40%/year = .100%/quarter
On the excess	0.25%/year = .0625%/quarter
Maximum Quarterly Fee = \$6,000 subject to adjustment after three years.	

This fee is payable quarterly, in arrears, based upon the average market value of the assets on the last day of each month of the previous quarter. Upon termination of the engagement, Investor Resources shall bill for the pro-rated portion of the advisory fee based upon the number of days services were provided during the billing quarter and the value of assets on the effective date of termination.

### **Investment Review Services (Stand-Alone)**

To the extent requested by a client, Investor Resources may determine to provide its Investment Review Service on a stand-alone, negotiable separate fee basis that ranges between \$500 and \$1,000 depending on the portfolio composition. Investor Resources may, in its sole act of discretion, waive this fee for clients who have attended one of Investor Resource's free educational seminars and/or for clients who engage Investor Resources to provide investment advisory services as described above. Before engaging Investor Resources to provide its Investment Review Service, clients are required to enter into a *Limited Consulting Agreement* with Investor Resources setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client before Investor Resources will commence its services. The non-refundable fee for this service is due upon presentment of the "Relative Strength Matrix."

- B. Clients may elect to have Investor Resources' advisory fees deducted from their custodial account. Both Investor Resources' *Investment Advisory Agreement* and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of Investor Resources' investment advisory fee and to directly remit that management fee to Investor Resources in compliance with regulatory procedures. In the limited event that Investor Resources bills the client directly, payment is due upon receipt of Investor Resources' invoice.
- C. As discussed below, unless the client directs otherwise, an individual client's circumstances require, Investor Resources shall generally recommend that *Schwab* serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Schwab* charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). In addition to Investor Resources' investment management fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).

**Asset-Based Pricing Arrangements and Limitations.** Investor Resources may recommend that clients enter into an "Asset-Based" pricing agreement with the account broker-dealer/custodian. Under an "Asset-Based" pricing arrangement, the broker-dealer/custodian charges the client a fixed percentage fee for all account commissions/transactions based on the amount of assets placed in custody and/or on the broker-dealer/custodian's platform, and not based upon the number of transactions executed. Generally in an Asset-Based pricing arrangement, the applicable fixed percentage fee decreases as the account value increases. In the alternative, the broker-dealer/custodian could charge a separate commission/transaction fee upon the execution of an account transaction. This is referred to as a "Transaction-Based" pricing



arrangement. Under a Transaction-Based pricing arrangement, the amount of fees charged by the broker-dealer/custodian to the client will vary depending upon the number of and type of transactions that are placed for the account. Under either scenario, the fees charged by the respective broker-dealer/custodian are separate from, and in addition to the advisory fee payable by the client to Investor Resources.

Investor Resources' recommendation that a client enter into an Asset-Based pricing agreement with the account broker-dealer/custodian would depend upon whether, based upon anticipated account size and activity, Investor Resources reasonably believes that the client would benefit from the available pricing arrangement. However, account investment decisions are often more heavily driven by security selection and anticipated market conditions, as opposed to the amount of commission/transaction fees payable by clients to the account broker-dealer/custodian.

Clients may request at any time to switch between Asset-Based pricing and Transaction-Based pricing arrangements, however, there can be no assurance that the volume of transactions will be consistent from year-to-year given changes in market events and security selection. Therefore, given the variances in trading volume and pricing arrangements, any decision by clients to switch between Asset-Based or Transaction-Based pricing could prove to be economically disadvantageous. **Investor Resources' Chief Compliance Officer, Donald Creech, remains available to address any questions that a client or prospective client may have regarding Asset-Based versus Transaction- Based pricing.**

- D. For Qualified Retirement Plan Trustee Support, Investor Resources' fee is payable quarterly, in arrears, based upon the average market value of the assets on the last day of each month of the previous quarter. Upon termination of the engagement, Investor Resources shall bill for the pro-rated portion of the advisory fee based upon the number of days services were provided and the value of assets on the effective date of termination.

The fee for the Investment Review Service is non-refundable, which is due upon presentment of the "Relative Strength Matrix."

For all other Investment Advisory services, Investor Resources' annual investment advisory fee shall be prorated and paid quarterly, in advance based upon the market value of the assets on the last business day of the previous quarter. Upon termination of the *Investment Advisory Agreement* in accordance with its terms, Investor Resources shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter based upon the number of days that services were provided.

- E. Neither Investor Resources, nor its representatives accept compensation from the sale of securities or other investment products.

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

Neither Investor Resources nor any supervised person of Investor Resources accepts performance-based fees.

## Item 7           Types of Clients

Investor Resources' clients currently include: individuals, high net worth individuals, related trusts, and pension and profit sharing plans. Investor Resources generally requires a minimum asset level of \$250,000 for investment advisory services. Please see Item 5 for an exception to our minimum asset level. Investor Resources, in its sole discretion, may charge a lesser investment management fee and/or waive or reduce its minimum asset requirement based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

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

- A. Investor Resources uses portfolio management models based on relative strength analysis and point and figure charts. Investor Resources subscribes to various databases and trade journals to obtain statistical and technical data on stocks, bonds, funds and markets.

Investor Resources may utilize the following methods of security analysis:

- Charting - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
- Cyclical – (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

Investor Resources may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Margin Transactions (use of borrowed assets to facilitate client requests for funds when an account is fully invested with insufficient cash to meet a distribution request).

**Please Note: Investment Risk.** Investing in securities involves risk of loss that clients should be prepared to bear. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Investor Resources) will be profitable or equal any specific performance level(s).

- B. Investor Resources' methods of analysis and investment strategies do not present any significant or unusual risks. However, every method of analysis has its own inherent risks. To perform an accurate market analysis Investor Resources must have access to current/new market information. Investor Resources has no control over the dissemination rate of market information; therefore, unbeknownst to Investor Resources, certain analyses may be compiled with outdated market information, severely limiting the value of Investor Resources' analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

Investor Resources' primary investment strategies - Long Term Purchases and Short Term Purchases - are momentum investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy.

In addition to the investment strategies discussed above, Investor Resources may also implement the use of margin, which involves a high level of inherent risk. A margin transaction occurs when an investor uses borrowed assets to purchase financial instruments. The investor generally obtains the borrowed assets by using other securities as collateral for the borrowed sum. The effect of purchasing a security using margin is to magnify any gains or losses sustained by the purchase of the financial instruments on margin.

**Please Note:** To the extent that a client authorizes the use of margin, and margin is thereafter employed by Investor Resources in the management of the client's investment portfolio, the market value of the client's account and corresponding fee payable by the client to Investor Resources may be increased. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the **conflict of interest** in which the client's decision to employ margin *may* correspondingly increase the management fee payable to Investor Resources. Accordingly, the decision as to whether to employ margin is left totally to the discretion of client.

- C. Currently, Investor Resources primarily allocates (or recommends that clients allocate) client investment assets among various mutual funds, ETFs, individual equities, and bond funds.

## **Item 9            Disciplinary Information**

Investor Resources has not been the subject of any disciplinary actions.

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

- A. Neither Investor Resources, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither Investor Resources, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. Investor Resources has no other relationship or arrangement with a related person that is material to its advisory business.
- D. Investor Resources does not recommend or select other investment advisers to its clients.

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

- A. Investor Resources maintains an investment policy relative to personal securities transactions. This investment policy is part of Investor Resources' overall Code of Ethics, which serves to establish a standard of business conduct for all of Investor Resources' representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

Investor Resources also maintains and enforces policies reasonably designed to prevent the misuse of material non-public information by Investor Resources or any person associated with Investor Resources.

- B. Neither Investor Resources nor any related person of Investor Resources recommends, buys, or sells for client accounts, securities in which Investor Resources or any related person of Investor Resources has a material financial interest.
- C. Investor Resources and/or representatives of Investor Resources *may* buy or sell securities that are also recommended to clients. This practice may create a situation where Investor Resources and/or representatives of Investor Resources are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation presents a conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if Investor Resources did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of Investor Resources' clients) and other potentially abusive practices.

Investor Resources has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of Investor Resources' "Access Persons." Investor Resources' securities transaction policy requires that an Access Person of Investor Resources must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date Investor Resources selects; provided, however that at any time that Investor Resources has only one Access Person, he or she shall not be required to submit any securities report described above.

- D. Investor Resources and/or representatives of Investor Resources *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where Investor Resources and/or representatives of Investor Resources are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation presents a conflict of interest. As indicated above in Item 11.C, Investor Resources has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Investor Resources' Access Persons.

## Item 12 Brokerage Practices

- A. In the event that the client requests that Investor Resources recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct Investor Resources to use a specific broker-dealer/custodian), Investor Resources generally recommends that investment management accounts be maintained at *Schwab*. Prior to engaging Investor Resources to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with Investor Resources setting forth the terms and conditions under which Investor Resources shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that Investor Resources considers in recommending *Schwab* (or any other broker-dealer/custodian to clients) include historical relationship with Investor Resources, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Investor Resources' clients shall comply with Investor Resources' duty to seek best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to affect the same transaction where Investor Resources determines, in conformity with its fiduciary duty to act primarily in the client's best interest that the commission/transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Investor Resources will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Investor Resources' investment management fee. Investor Resources' best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. Non-Soft Dollar Research and Additional Benefits. Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Investor Resources may receive from *Schwab* (or another broker-dealer/custodian, investment platform, unaffiliated investment manager, vendor, unaffiliated product/fund sponsor, or vendor) without cost (and/or at a discount) support services and/or products, certain of which assist Investor Resources to better monitor and service client accounts maintained at such. The support services that Investor Resources can obtain may include: investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or free consulting services, travel and attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Investor Resources in furtherance of its investment advisory business operations.

As referenced above, some of the support services and/or products that Investor Resources can obtain may assist Investor Resources in managing and administering client accounts. Others do not directly provide such assistance, but rather assist Investor Resources to manage and further develop its business enterprise.

Investor Resources' clients do not pay more for investment transactions affected and/or assets maintained at *Schwab* as a result of this arrangement. There is no corresponding commitment made by Investor Resources to *Schwab* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

**Investor Resources' Chief Compliance Officer, Donald Creech, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding conflict of interest such arrangement may create.**

2. Investor Resources does not receive referrals from broker-dealers.
  3. Investor Resources does not accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer).
- B. Order Aggregation. To the extent that Investor Resources provides investment management services to its clients, the transactions for each client account generally will be executed independently, unless Investor Resources decides to purchase or sell the same securities for several clients at approximately the same time. Investor Resources may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among Investor Resources' clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. Investor Resources shall not receive any additional compensation or remuneration as a result of such aggregation.

### **Item 13      Review of Accounts**

- A. For those clients to whom Investor Resources provides investment supervisory services, account reviews are conducted on an ongoing basis by Investor Resources' Principals and representatives. All investment supervisory clients are advised that it remains their responsibility to advise Investor Resources of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review investment objectives and account performance with Investor Resources on an annual basis.
- B. Investor Resources may conduct account reviews on other than a periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Investor Resources may also provide a written periodic report summarizing account activity and performance.

## Item 14 Client Referrals and Other Compensation

- A. As referenced in Item 12.A.1 above, Investor Resources can receive economic benefits from *Schwab* including support services and products without cost (and/or at a discount). Investor Resources' clients do not pay more for investment transactions effected and/or assets maintained at *Schwab* as a result of this arrangement. There is no corresponding commitment made by Investor Resources to *Schwab* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of this arrangement. **Investor Resources' Chief Compliance Officer, Donald Creech, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding conflict of interest any such arrangement may create.**
- B. Investor Resources does not compensate any party other than its supervised persons for referrals to its advisory business.

## Item 15 Custody

Investor Resources shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Investor Resources may also provide a written periodic report summarizing account activity and performance.

**Please Note:** To the extent that Investor Resources provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by Investor Resources with the account statements received from the account custodian.

**Please Also Note:** The account custodian does not verify the accuracy of Investor Resources' advisory fee calculation.

## Item 16 Investment Discretion

The client can determine to engage Investor Resources to provide investment advisory services on a discretionary basis. Prior to Investor Resources assuming discretionary authority over a client's account, the client shall be required to execute an *Investment Advisory Agreement*, naming Investor Resources as the client's attorney and agent in fact, granting Investor Resources full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage Investor Resources on a discretionary basis may, at any time, impose restrictions, **in writing**, on Investor Resources' discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe Investor Resources' use of margin, etc.).

**Item 17      Voting Client Securities**

- A. Investor Resources does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact Investor Resources to discuss any questions they may have with a particular solicitation.

**Item 18      Financial Information**

- A. Investor Resources does not solicit fees of more than \$500 per client, six months or more in advance.
- B. Investor Resources is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. Investor Resources has not been the subject of a bankruptcy petition.

**Item 19      Requirements for State-Registered Advisers**

- A. Donald Creech and Perry Sikes are Officers of Investor Resources Inc. For more information about the above individuals, please see the Brochure Supplements to Investor Resources' Brochure below.
- B. Investor Resources is not engaged in any other business than as set forth in this Brochure.
- C. Neither Investor Resources, nor its representatives, accepts performance-based fees.
- D. Neither Investor Resources, nor its representatives, has been the subject of any disciplinary actions.
- E. Neither Investor Resources, nor its representatives, has any relationship or arrangement with any issuer of securities.

**ANY QUESTIONS: Investor Resources' Chief Compliance Officer, Donald Creech, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**



