



# Pinnacle Investment Advisors



## Brochure 1st Quarter 2023

*Quarter Ending March 31, 2023*

***233 S. Detroit Ave., Suite 100  
Tulsa, Oklahoma 74120  
(918) 582-6864  
[www.PinnacleHoldings.net](http://www.PinnacleHoldings.net)***

This brochure provides information about the qualifications and business practices of Pinnacle Investment Advisors. If you have any questions about the contents of this brochure, please contact us. 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 Pinnacle Investment Advisors is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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# Section I. Material Changes

**Material Changes** - since last annual update to the brochure produced December 31, 2022.

- Jayme D. Fowler, CIMA®, ChFC joined the firm in March, 2023.

We recommend that you examine your potential investment advisor's history on the SEC's website:

**[www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)**

## Section II. Investment Strategy

Pinnacle Investment Advisors was established in 1996 as a fee based money management firm, registered with the United States Securities and Exchange Commission, offering bond and equity portfolio management for individuals, foundations, corporations, trusts, pension and profit sharing plans, and other business entities. The firm also offers financial analysis on a consulting basis for bank investment portfolios, corporate cash management, municipal debt defeasance, and liability hedging programs. We have a \$250,000 minimum for our managed accounts, exceptions to this requirement are made on an individual basis.

One principle pervades all our investment strategies: minimizing risk for a desired rate of return. The firm has six specific investment strategies designed to benefit from distinct risk and return parameters. Each strategy is customized based on the client's unique risk profile. First, we explain the risks involved in each strategy in terms of volatility, liquidity, and cash flows. Then we evaluate the client's investment objectives, time horizon, income needs, and financial situation. Finally, once an appropriate asset allocation is decided upon, we will manage the client's portfolio subject to their risk tolerance, the investment strategies selected, and any additional requests made by the client.

Each of our investment strategies captures different risk/reward characteristics in the stock or bond markets. The risk of investing in stocks versus bonds is one of volatility in returns. Stock prices vary more than bond prices. It is extremely rare for the bond market to have negative returns for a year, but the stock market produces negative annual returns on a regular basis. Among our strategies, the Intermediate Bond Portfolio and the Intermediate Tax Exempt Portfolio focus on stability in returns. However, as one would expect, with greater risk of loss, comes greater potential returns. Historically, a diversified portfolio of large capitalization stocks has outperformed a high grade bond portfolio, and both stocks and bonds have outperformed cash and inflation. The volatility in historical returns, one measure of risk, is reduced for longer holding periods. If an investor is uncomfortable with the volatility of stock prices and returns, then the investor should consider fixed income investments where there is more security in returns. But for those investors who are comfortable with the risk of equities, because they can accept the argument that a long time horizon significantly increases the probability that they will achieve returns close to the long term historical average, the Blue Chip Strategy and the Small Cap Value Strategy are ideal.

Our business principle of reducing risk for a given level of expected return guides all our investment strategies. The bond portfolio strategies limit risk as much as possible while providing competitive yields and total returns. Our bond strategies consider: 1) safety of principal, your investment in a bond; 2) liquidity, the minimization of transaction costs; and 3) total return, the cumulative price volatility and interest characteristics of a bond. Our stock portfolio strategies are based on proven methods for achieving returns consistent with a value strategy that has outperformed the broad market, historically. The large capitalization stock portfolio strategy seeks to match the broad market, while at the same time reducing portfolio expenses as much as possible. The small capitalization stock portfolio uses exhaustive methodology to reduce the risk of owning small cap stocks while simultane-

ously providing the higher returns of small cap stocks. By applying our quantitative analytical approach to managing risk, the client's potential for greater returns is enhanced.

There are two features of our business approach which provide benefits to all our investment strategies. First, our low compensation costs are calculated as one-half percent (0.50% or fifty basis points) annually on the portfolio value for each of our strategies except the Small Cap Value Strategy which has an annual fee of one percent (1.00%) and our Convertible Securities Strategy which has a fee of three quarters of one percent (0.75%). Our fees are deducted in arrears and are calculated as a percentage of the market value of assets in the portfolio on the last day of the quarter. For example, under our Blue Chip strategy the management fee breaks down to 0.125% of the market value per quarter. We charge these fees on assets included in our strategies, for which we have authority and discretion to execute transactions in client accounts through a limited power of attorney. We may also charge fees on assets that are not part of our investment strategies, at rates to be negotiated with the client. Our incentive is in your best interest. As a fee-based money manager, we benefit only from increasing the total value of your portfolio.

Second, we continuously seek to lower portfolio expenses. This gives our clients a greater probability of achieving their investment goals. One way we reduce portfolio expenses is through very low turnover of investment positions. This is especially important for accounts subject to capital gains taxes because low portfolio turnover keeps you from suffering confiscatory tax rates on short term and long term gains. Allowing those gains to compound by earning gains on the increased portfolio value is a potent force in investing. Further, in order to provide the best service possible and to minimize your total portfolio expenses, we work with select brokers in the custody and the execution of transactions. By working with these brokers, we are able to maintain greater control over the commission rates paid and we continuously seek to negotiate lower commission rates and transaction costs, especially through the use of block trades. Additional brokerage information is discussed in Section VII.

Fee rates will be negotiable from time to time at our discretion and will be charged on the calendar quarter end for the prior quarter. If a client decides to terminate management of their portfolio prior to quarter end, fees accrued up to the termination date will be assessed based on the market value of the portfolio on termination date. A client may terminate their investment management contract at any time with written notification. For some client accounts for which mutual funds or exchange traded funds are recommended, the client may be charged management fees by the firm in addition to the management fee portion of the expense ratio of the mutual fund or ETF.

Pinnacle provides consultation and employee education services for 401(k) plans and can provide asset allocation analysis, portfolio analysis, and security analysis services for an hourly rate of \$250.00.

On March 31, 2023, the firm managed \$361,062,361 on a discretionary basis and \$15,843,069 for which we did not have full decision-making authority.

## Section III. Portfolio Strategies

Pinnacle Investment Advisors offers six investment strategies to capture different market advantages. The composition of a portfolio amongst our strategies is based on the individual, their specific investment needs, financial goals, and risk tolerance.

- » **The Intermediate Bond Portfolio** emphasizes total return with high quality securities.
- » **The Intermediate Tax Exempt Bond Portfolio** obtains a high level of income that is exempt from regular federal income tax available from municipal bonds.
- » **The Convertible Securities/High Yield Strategy** seeks to provide high total return from income producing securities with the potential for capital appreciation.
- » **The Blue Chip Strategy** seeks to provide performance similar to the Dow Jones Industrial Average.
- » **The Small Cap Value Strategy** invests in companies that are considered undervalued on an objective basis using price/earnings multiples, book value, and cash flow measures.
- » **The Midstream Energy Strategy** seeks to provide high levels of tax sheltered income and the potential for capital appreciation through investing in publicly traded master limited partnerships and pipeline companies.

Each of the list above comprise the proprietary portfolio strategies offered by Pinnacle Investment Advisors. The strategies can be blended to construct a balanced portfolio to meet the individual client's investment objectives. The majority of the firm's clients invest in more than one of the firm's portfolio strategies for diversification purposes and to meet their income and growth goals. Pinnacle's performance disclosure statement is included with this material and available online.

The firm will have full discretion to implement these strategies once the client's asset allocation guidelines are agreed upon when the investment management relationship is established. The client may limit the firm's use of specific securities or sectors based on their individual circumstances and objectives.

# Investment Process

The firm manages each asset class strategy internally. The Chief Investment Officer oversees the research efforts, security analysis, and portfolio construction performed by the investment team which includes the equity trader, fixed income analyst and trader, and the Managing Partner. The firm has investment policies for each asset class that define the eligible securities for the asset class. The team seeks to identify potential portfolio positions by performing research on an ongoing basis and reviewing reports from sell side analysts and other outside sources. The fixed income analyst and trader is responsible for selecting potential positions for the Short Term Bond Portfolio, Intermediate Bond Portfolio and Intermediate Tax Exempt Bond Portfolio after consultation with the investment team. The Chief Investment Officer and the investment team will determine the appropriate target duration and credit risk that is appropriate for the current economic environment. Within the investment policy guidelines and investment team recommended duration and credit quality, the fixed income analyst will seek offerings from his network of fixed income dealers through various forms of communication to achieve low cost execution of transactions.

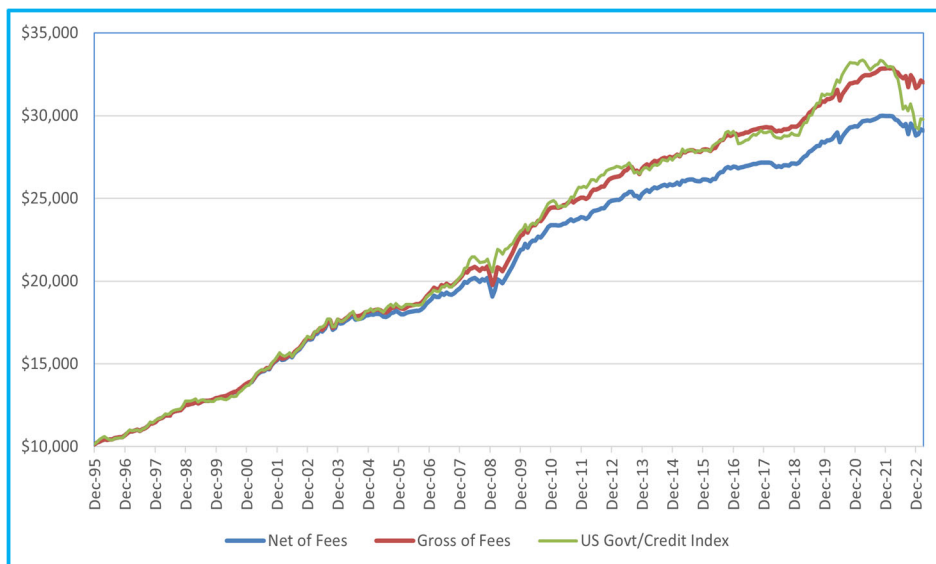
The Chief Investment Officer manages the Small Cap Value Strategy and the Midstream Energy Strategy. The investment team generates ideas for potential positions for each strategy, which the CIO then researches, analyzes, and evaluates. Some candidates are added to the watchlist for the strategy and may be purchased for the portfolio when the CIO deems them eligible. The CIO instructs the equity trader when to purchase positions for the Small Cap Value Strategy and the Midstream Energy Strategy within certain parameters. The equity trader follows the firm's trade execution policies to fill the positions for each client in the strategy.

Management of the Convertible Securities/High Yield Strategy will be overseen by the Chief Investment Officer in consultation with the Fixed Income Analyst and Trader and subject to the firm's Investment Policy that limits position concentration, credit quality, and average maturity. The intent of the strategy is to provide performance consistent with the high yield fixed income sector with potential for greater appreciation due to the imbedded conversion option. The Chief Investment Officer and the Fixed Income Analyst and Trader will jointly manage the strategy with input from the investment team. They will conduct fundamental analysis of the issuer's underlying equity and credit quality prior or making a decision regarding a specific security for the portfolio.

The firm seeks to minimize portfolio management costs using individual securities. By eliminating the costs of mutual funds or exchange traded funds, the firm reduces the ongoing expense of investing in securities.

The risk of using individual securities in client portfolios is the potential for an individual security to substantially decline in value. Active management of equity portfolios typically incurs higher management fees than passive index funds. The firm relies on a small staff to oversee the management of the securities portfolios.

# Intermediate Bond Portfolio



## Advantages:

1. *Competitive Returns* - relative to similar intermediate term investments
2. *Safety* - core holdings in U.S. Government securities and high-grade corporate bonds
3. *Liquidity* - less price volatility and high credit quality translate into greater liquidity
4. *Low Cost* - management fees are lower than the average intermediate bond mutual fund

Growth of \$10,000 investment (gross of fees) since inception, June, 1995.

Portfolio**	YTD*	1 Yr	3 Yr	5 Yr	Since Inception
Gross of Fees	2.15%	0.93%	1.88%	2.37%	4.36%
Net of Fees	2.04%	0.59%	1.46%	1.95%	4.00%
US Govt/Credit Index 1-10 Yrs.***	2.30%	-1.69%	-1.24%	1.39%	4.10%

**Investment Goal:** Pinnacle's Intermediate Bond Portfolio seeks higher yields and total returns than are available with short-term bonds. The Portfolio invests in investment grade corporate bonds in addition to a core holding of bonds issued by the U.S. Treasury or Federal Agencies.

**Investor Profile:** The Intermediate Bond Portfolio is for the investor who is looking for greater taxable income from a bond portfolio without taking the risk of low credit quality "junk bonds" or the price volatility risk of long-term bonds. The Portfolio has more price risk than a short-term bond portfolio but the fluctuation in the value of the Portfolio is expected to be lower than long-term bonds and stocks.

**Portfolio Strategy:** Pinnacle's Intermediate Bond Portfolio invests in securities that are issued by the U.S. Government and its Agencies. These securities have the highest rating of bonds available in the market. Also, the portfolio managers seek to enhance the Portfolio's return through the purchase of investment grade corporate bonds that offer yield advantages over government bonds. The average maturity of Pinnacle's Intermediate Bond Portfolio is typically between 3-7 years.

**Management Fee:** 0.50% (one-half percent) annually of the market value of assets in the portfolio. The average corporate bond mutual fund expense ratio is 0.73%.

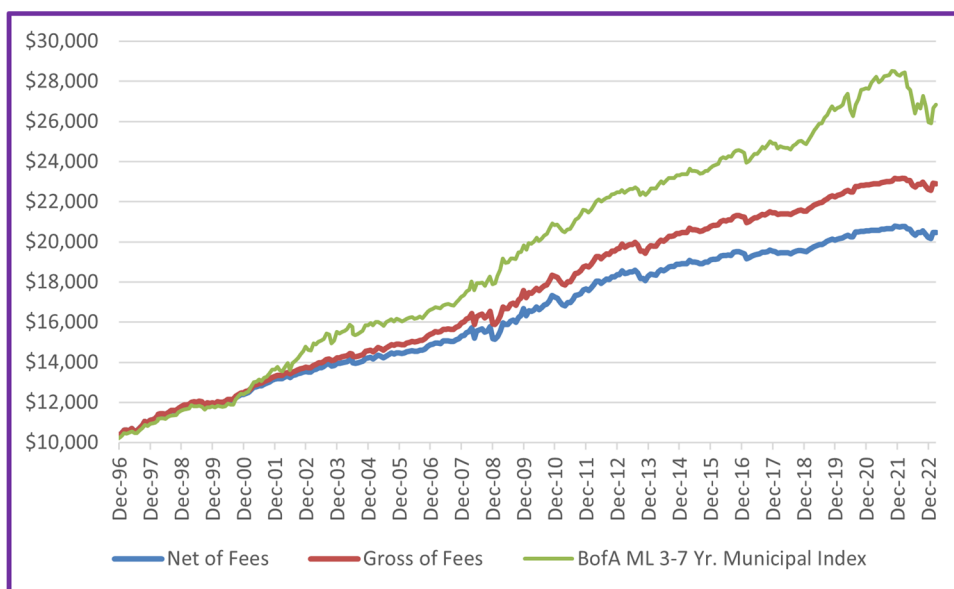
## NOTES:

\* Returns for periods shorter than one year are not annualized, all other values shown are annualized

\*\* Past performance is no guarantee of future results. Please see our performance disclosure statement for more information.

\*\*\* For comparison purposes, the composite is measured against US Govt/Credit Index 1-10 Yr. The index consists of investment grade corporate bonds, U.S. Treasury and Federal Agency bonds with maturities ranging from 1-10 years publicly traded in the United States.

# Tax Exempt Bond Portfolio



Growth of \$10,000 investment (gross and net of fees) since inception in March 1996.

## Advantages:

1. *Competitive Returns* - relative to similar intermediate term investments
2. *Safety* - highest quality municipal bonds
3. *Liquidity* - less price volatility and high credit quality translate into greater liquidity
4. *Low Cost* - management fees are lower than the average intermediate tax-exempt mutual fund

Portfolio**	YTD*	1 Year	3 Years	5 Years	Since Inception
Gross of Fees	1.12%	1.49%	1.00%	1.59%	3.16%
Net of Fees	1.02%	1.16%	0.68%	1.22%	2.73%
BofA ML 3-7 Muni Index***	2.18%	1.87%	1.08%	2.12%	3.81%

**Investment Goal:** Pinnacle's Intermediate Tax Exempt Bond Portfolio seeks a high level of income that is exempt from regular federal income tax available from municipal bonds. The Portfolio invests in high quality investment grade municipal bonds.

**Investor Profile:** The Intermediate Tax Exempt Bond Portfolio is for the investor who is looking for greater after-tax income than is available from taxable bonds. In addition, the Portfolio will seek to purchase bonds that are exempt from state income taxes depending on the investor's state income tax rate. The Portfolio has less price risk than municipal bond funds that invest in long-term bonds.

**Portfolio Strategy:** Pinnacle's Intermediate Tax Exempt Bond Portfolio invests in investment grade municipal bonds. The portfolio manager will purchase bonds that pass a stringent test for credit quality. High after-tax total return will be the objective of Pinnacle's Intermediate Tax Exempt Bond Portfolio given an average maturity typically between three and ten years.

**Management Fee:** 0.50% (one-half percent) annually of the market value of assets in the portfolio. The average municipal bond mutual fund expense ratio is 0.66%.

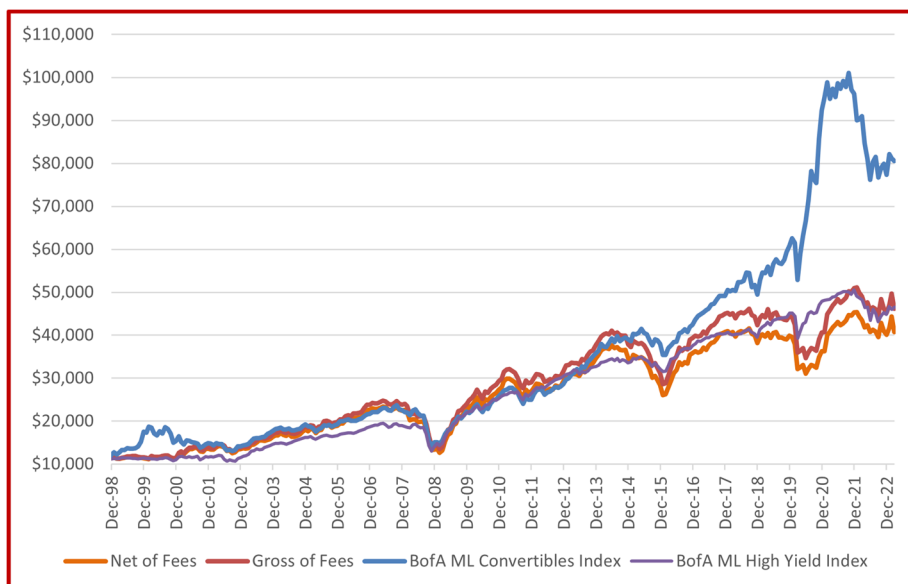
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\*\*\* For comparison purposes, the composite is measured against Merrill Lynch 3-7 Yr. Insured Muni Index. The index consists of municipal bonds with a maturity ranging from 3-7 years traded in the U.S. dollar-denominated investment grade sold into the U.S. market and publicly traded in the United States.

# Convertible Securities/High Yield Strategy



Growth of \$10,000 investment (gross of fees) since inception, May 1997.

## Advantages:

1. *Competitive Returns* - relative to similar convertible and high yield investments.
2. *Safety* - The defined maturity of convertible bonds and the seniority of asset claims of bonds and preferred stocks make them less subject to loss of principal than common stocks.
3. *Quantitative Analysis* - a fundamental approach to lowering risk by calculating risk versus reward is used to select issues for the strategy.
4. *Low Cost* - management fees are lower than the average convertible securities or high yield fund.

Portfolio**	YTD*	1 Yr	3 Yr	5 Yr	Since Inception
Gross of Fees	1.93%	-6.19%	8.60%	0.41%	6.09%
Net of Fees	1.82%	-6.36%	8.16%	-0.02%	5.59%
Merrill Lynch Convertibles***	4.18%	-11.40%	15.06%	9.80%	8.43%
Merrill Lynch High Yield***	3.68%	-3.47%	5.84%	3.07%	6.19%

**Investment Goal:** Pinnacle's Convertible/High Yield Portfolio seeks to provide high total returns from income producing securities with the potential for capital appreciation. The Strategy invests in convertible corporate bonds and convertible preferred stocks of publicly traded companies. Convertible securities typically pay higher interest or dividends than common stocks and are exchangeable into the common stock of the issuing company. If the price of the common stock rises, the convertible security will increase in value also. If the price of the common stock falls, the convertible investor receives the higher income of a bond or preferred stock.

**Investor Profile:** The Convertible/High Yield Portfolio is for the investor who desires high levels of income from their portfolio with the added potential for capital appreciation. Convertible securities, as an asset class, display more risk than bonds yet less risk than stocks. The returns associated with convertible securities, when adjusted for risk (as measured by price volatility) were higher than large capitalization stocks during the past fifteen years.

**Portfolio Strategy:** Pinnacle's Convertible/High Yield Strategy invests in a diversified portfolio of convertible securities. The portfolio manager seeks companies that are trading at a discount to book value, a low price to earnings multiple, or a low price ratio to projected cash flow. This approach lowers the risk of a diversified portfolio while retaining the potential high returns of the underlying equities.

**Management Fee:** 0.75% (three-quarters of one percent) annually of the market value of assets in the portfolio. The average convertible securities mutual fund expense ratio is 0.94% .

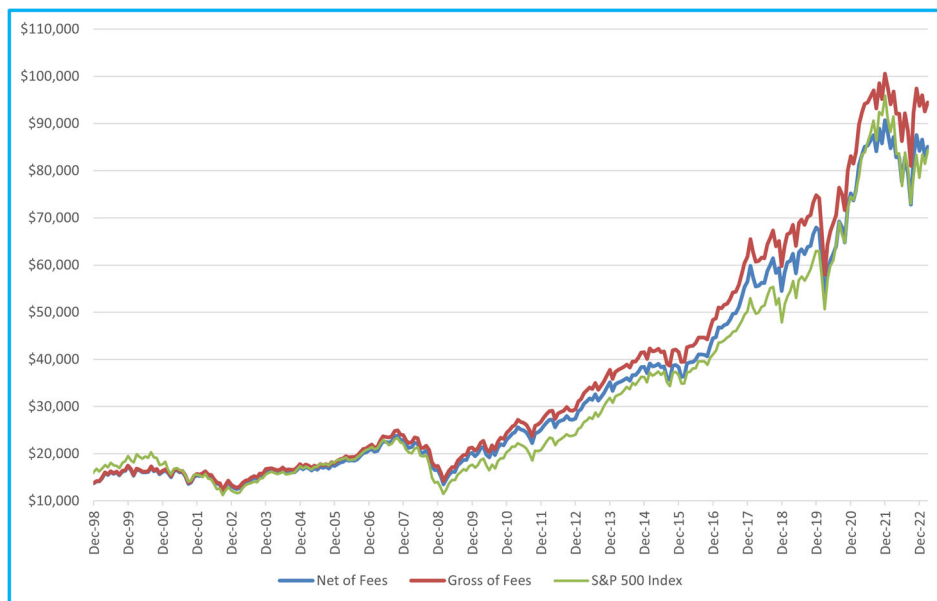
## NOTES:

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\*\*\* For comparison purposes, the composite is measured against BofA Merrill Lynch Convertibles Index. The index consists of convertible bonds traded in the U.S. dollar-denominated investment grade and noninvestment grade convertible securities sold into the U.S. market and publicly traded in the United States. The Index constituents are market value weighted based on the convertible securities prices and outstanding shares, and the underlying index is rebalanced daily. For an additional comparison, the composite is measured against BofA Merrill Lynch U.S. High Yield Index. The index tracks the performance of below-investment-grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market.

# Blue Chip Strategy



Growth of \$10,000 investment (gross of fees) since inception, January 1997.

## Advantages:

1. *Competitive Returns* - the Dow has outperformed the S&P 500 by approximately 0.50% annually in the last fifteen years
2. *Safety* - diversified portfolio of the dominant companies in their respective industries
3. *Global Exposure* - these Blue Chips receive roughly 40% of their revenues from foreign operations
4. *Low Cost* - management fees are lower than the average growth and income mutual fund.

Portfolio	YTD	1 Yr	3 Yr	5 Yr	Since Inception
Gross of Fees	1.19%	-2.00%	17.87%	9.34%	8.98%
Net of Fees	1.09%	-2.35%	17.42%	8.93%	8.53%
Standard & Poor's 500 Index	7.48%	-7.76%	18.57%	11.17%	8.49%

**Investment Goal:** Pinnacle's Blue Chip Portfolio seeks to provide performance similar to the Dow Jones Industrials. The Dow has consistently produced the best returns among major market indices. This strategy has very low turnover and low transaction costs.

**Investor Profile:** The Blue Chip Portfolio is for the investor that is seeking returns consistent with the long-term historical average of large capitalization stocks. This passively managed strategy should provide higher after tax returns than an actively managed growth and income fund due to low turnover and low transaction costs.

**Portfolio Strategy:** Pinnacle's Blue Chip Portfolio is structured to provide performance similar to the Dow Industrials. It is a passively managed strategy in which turnover is expected to average less than 10% annually. The low turnover allows capital gains to compound for a longer time period, resulting in higher after tax returns.

**Management Fee:** 0.50% (one-half percent) annually of the market value of assets in the portfolio. The average growth and income mutual fund expense ratio is 1.22%.

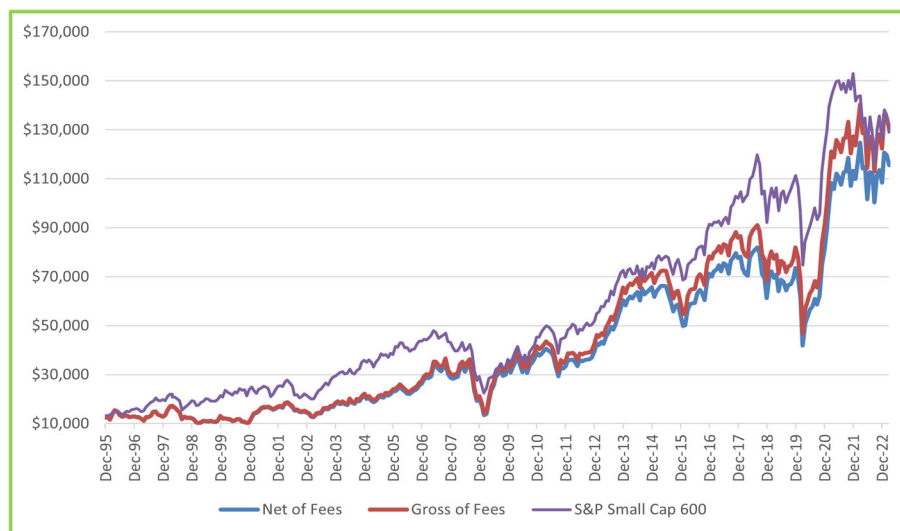
## NOTES:

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\*\*\* For comparison purposes, the composite is measured against the S&P 500 Index, an unmanaged capitalization-weighted index of 500 stocks designated to measure the performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

# Small Cap Value Strategy



Growth of \$10,000 investment (gross of fees) since inception, December 1994.

## Advantages:

1. *Competitive Returns* - relative to similar small cap investments
2. *Safety* - portfolio diversification and a value approach lower the risk of small company stocks
3. *Quantitative Analysis* - a fundamental approach to lowering risk by calculating risk versus reward
4. *Low Cost* - management fees are lower than the average small cap mutual fund

Portfolio	YTD*	1 Yr	3 Yr	5 Yr	Since Inception
Gross of Fees	6.67%	-7.07%	40.68%	10.59%	9.52%
Net of Fees	6.57%	-7.42%	40.15%	10.17%	9.05%
S&P Small Cap 600	2.12%	-10.35%	19.95%	4.72%	9.48%

**Investment Goal:** Pinnacle's Small Cap Value Portfolio seeks to provide returns consistent with the long-term historical average of small company stocks. Since 1926, small company stocks have outperformed large company stocks by approximately 2.0%.

**Investor Profile:** The Small Cap Value Portfolio is for the investor who understands the relationship between risk and reward. Small company stocks as an asset class have more risk than large company stocks. However, this higher risk has produced higher long-term returns.

**Portfolio Strategy:** Pinnacle's Small Cap Value Portfolio invests in a diversified portfolio of small company stocks. The portfolio manager seeks companies that are trading at a discount to book value, a low price to earnings multiple, or a low ratio to projected cash flow. This approach lowers the risk of a diversified portfolio while retaining the potential high returns of small company stocks.

**Management Fee:** 1.00% (one percent) annually of the market value of assets in the portfolio. The average small cap stock mutual fund expense ratio is 1.10%.

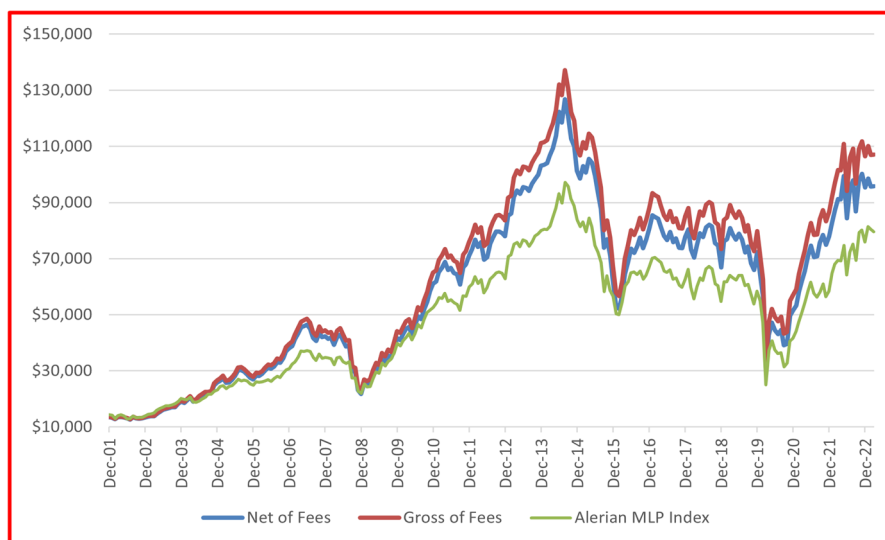
## NOTES:

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\*\*\* For comparison purposes, the composite is measured against the S&P Small Cap 600 Index, it measures the performance of the small-cap segment of the U.S. equity universe. The Index is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set.

# Midstream Energy Strategy



## Advantages:

1. *Competitive Returns* – the sector has produce annualized returns exceeding 8% since inception on a pre-tax basis.
2. *Income* – high distributions yields relative to common stocks offer protection against market downturns, i.e. lower volatility.
3. *Diversification* – the MLP sector does not closely correlate with other asset classes.

Growth of \$10,000 investment (gross of fees) since inception, January 2001.

Portfolio**	YTD*	1 Yr	3 Yr	5 Yr	Since Inception
Gross of Fees	0.55%	5.30%	47.94%	6.74%	11.24%
Net of Fees	0.44%	4.90%	47.36%	6.34%	10.69%
Alerian MLP Index***	4.73%	14.70%	47.08%	7.42%	9.77%

**Investment Goal:** Pinnacle's Midstream Energy Strategy seeks to provide high levels of tax sheltered income and the potential for capital appreciation through investing in publicly traded master limited partnerships and pipeline companies.

**Investor Profile:** The Midstream Energy Strategy is for the investor who desires high levels of income from their portfolio with the added potential for capital appreciation, while accepting the increased income tax preparation activities from partnership tax reporting.

## Midstream Energy and Master Limited Partnerships (MLPs):

Master Limited Partnerships are similar in structure to traditional limited partnerships. The primary difference is that MLPs qualify to trade on public stock exchanges or over-the-counter. For tax purposes, MLPs are considered by the IRS to be pass-through entities so their operating results are passed through to the limited partners, called unit holders. The Revenue Act of 1987 required publicly traded MLPs to receive at least 90% of their income from specific sources, particularly mineral or natural resource activities including exploration, development, production, mining, refining, marketing, and transportation of oil, gas, minerals, geothermal energy, or timber.

Most publicly traded MLPs generate stable cash flows from operations which lead to a relatively stable distribution, similar to a dividend. They are involved in businesses that are considered mature with moderate growth prospects and substantial cash flow generation. The majority of MLPs do not take commodity price risk but act as transporters or distributors and take a fee for service, similar to a utility. Some of the more aggressively managed MLPs have used their cost of capital advantage to make numerous acquisitions that are financed through debt and issuance of new equity units. This strategy has led to significant increases in distributable cash flow and price appreciation for "growth MLPs" employing this strategy.

**Portfolio Strategy:** Pinnacle's Midstream Energy Strategy invests in MLPs that have the ability to increase their distributions on a consistent basis. "Growth" MLPs offer the best potential for capital appreciation and protection against rising interest rates. The strategy holds positions in various types of MLPs in order to diversify its asset base and midstream companies that pay tax-advantaged dividends.

**Management Fee:** 0.75% (three-quarters of one percent) annually of the market value of assets in the portfolio. The average MLP stock mutual fund expense ratio is 1.53%

## NOTES:

\* Returns for periods shorter than one year are not annualized, all other values shown are annualized

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\*\*\* For comparison purposes, the composite is measured against Alerian MLP Index. This index provides a comprehensive benchmark for investors to track the performance of the energy MLP sector. The majority of MLPs currently operate in the energy infrastructure industry, owning assets such as pipelines that transport crude oil, natural gas, and other refined petroleum products.

## Section IV. Financial Planning Services

In addition to securities portfolio management, Pinnacle Investment Advisors offers comprehensive financial planning services to our clients. Financial planning can help to achieve both greater wealth and financial security. Inadequate or improper planning can be financially disastrous. An uninsured loss can wipe out accumulated wealth; insufficient savings for retirement can force a reduced lifestyle and/or postponement of retirement; and improper tax planning can result in higher than necessary taxes.

A true financial plan does not focus on one aspect or product, but instead seeks to take all areas of planning into consideration when making financial decisions. They include:

- **Tax Planning and Management** - This area focuses on the understanding of and application of federal and state income tax law, estate and inheritance taxes; and, when possible, minimizing these taxes.
- **Cash Flow Management** - This aspect of planning deals with the day to day sources of income; and its effective use in paying current living expenses and in accumulating assets which will be used in meeting financial goals.
- **Retirement Planning and Management: Financial Independence** - By far the most common accumulation goal is the ability to become financially independent. Retirement strategies encompass the understanding of the Social Security system; employer-sponsored retirement plans, IRA's; and personal savings accumulation plans.
- **Investment Planning and Management** - Almost everyone has accumulation goals for which investments must be made and managed. These could include buying a home; planning for college; or providing for retirement.
- **Estate Planning and Management** - The final phase of planning is for the transfer of assets to our heirs with minimization of taxes and other costs.
- **Risk Planning and Management** - This area of planning deals with the risk of losing life, income, or property. It includes the use of insurance products and strategies.
- **Education Planning** - This area of planning deals with capital needs and cash flow management to direct capital in the most efficient manner to meet the goals.

Pinnacle Investment Advisors is a fee-only comprehensive financial planning firm. We do not receive any compensation from commissions, reimbursed cost, or referral fees.

## Section V. Communication With Clients

Pinnacle Investment Advisors has the flexibility and experience to meet the information needs of our clients on a timely basis. We understand the necessity of maintaining open lines of communication with our clients at all times.

Pinnacle offers a wide range of information to the client. The firm's Black Diamond online portfolio management program is considered to be one of the best systems available to investment advisors. Our portfolio managers can customize a report for the client's specific requirements or the client can choose from some of the following reports:

- Unrealized Gains and Losses
- Fixed Income Portfolio
- Realized Gains and Losses
- Income and Expenses
- Portfolio Commissions
- Performance by Asset Class based on Time Weighted Returns
- Performance by Asset Class based on the Internal Rate of Return on Capital (Dollar Weighted)
- Purchases and Sales
- 1099 Report
- Performance By Asset Class (Time Weighted for Index Comparison)
- Fixed Income Holdings

Our goal is to provide the level of information necessary for the client to be comfortable with their portfolio management.

The client will receive monthly statements from the custodian detailing portfolio positions, transaction summary, market value, and income and expenses. Pinnacle Investment Advisors provides written performance reports and market value summaries on a quarterly basis. If additional reports are necessary, the firm will provide them on a periodic basis as required by the client.

All client accounts are reviewed on a quarterly basis by the managing partner. Account transactions are reviewed on a daily basis by the Portfolio Manager performing trade reconciliations. Any significant cash deposits (in excess of 5%), will trigger an account review. Any settlement problem will also incur an account review.

## Section VI. Business Principles

Pinnacle Investment Advisors was established to provide competitive investment management services and financial analysis for our clients. The idea of relative value, the objective comparison of risk and return, guides both our approach to service and our investment decisions. Our investment philosophy is driven by the principle of minimizing risk while capturing the most competitive rates of return.

### *Service Priorities*

- ◆ Provide competitive rates of return on a consistent, long term basis
- ◆ Design unique investment strategies
- ◆ Tailor each portfolio to the individual client's objectives
- ◆ Explore new financial products
- ◆ Communicate efficiently and effectively with our clients
- ◆ Link our incentive to the client's best interest
- ◆ Contribute to our community as the firm grows

At Pinnacle Investment Advisors, we believe that relative value in financial markets is better understood and attained through objective methods. We do not rely on our "market instincts" to guide investment decisions. Rather, we calculate risk versus reward through solid quantitative analysis of fundamental financial ratios. Our competitive advantage lies in the experienced analytical abilities of our portfolio managers, grounded in their strong financial and accounting backgrounds. At Pinnacle, superior investment performance is achieved by using this investment expertise to determine when to buy and when to sell, based on objective calculations of relative value.

# Section VII. Composite Disclosure and Fee Schedule

## Pinnacle Investment Advisors Composite Disclosure Statement

A complete list of firm composites, performance results, and investment policies is available upon request. Returns are denominated in U.S. dollars and include domestic accounts only. Returns include reinvestment of dividends, interest, and other earnings, and include portfolio balances in cash and cash equivalents. Returns shown are gross of fees and after all trading expenses, calculated on a monthly basis using trade date reporting. Past performance is no guarantee of future results.

Returns prior to December 31, 2009 have not been verified by a third party. Performance from June 30, 1995 to March 31, 1996 is the same client's portfolio from a prior firm continuously managed by the same management team. All other composites have been managed since inception by the same team at Pinnacle Investment Advisors. Composites include fully discretionary separate accounts only. Each composite includes accounts that use that particular asset class strategy either solely or as part of a balanced portfolio approach. Accounts are added to the composites at the end of the first month under management. Terminated accounts are included in the composite. Returns are asset weighted. Non-discretionary accounts are defined as accounts where client restrictions impede the full implementation of a particular asset class strategy. Non-discretionary accounts are not included in the following composites.

### Tax Exempt Bond Portfolio Composite (Inception and Creation Date: March 1996)

Year	Return (Gross)	Merrill 3-7 Yr. Muni Index	Accounts	Assets (\$M)	Firm Assets (\$M)	Dispersion	Composite 3 Yr Std Dev (%)	Merrill 3-7 3 Yr Std Dev (%)
2022	-1.16	-5.62	34	11.54	364	1.24-(3.13)	1.72	4.92
2021	1.24	1.38	39	10.45	388	0.32-2.51	0.74	1.93
2020	2.18	4.50	42	13.32	302	3.53-(1.09)	1.56	1.98
2019	3.05	6.03	43	19.70	447	4.23-(-0.85)	1.48	2.01
2018	1.60	2.23	51	20.13	441	2.97-(1.27)	1.55	2.03
2017	1.81	3.08	52	19.68	536	5.11-0.47	1.43	2.08
2016	0.77	0.53	50	21.76	560	4.35-(1.07)	1.51	1.91
2015	1.82	2.25	54	23.80	530	2.53-0.64	1.74	1.61
2014	3.54	3.17	53	24.64	608	6.25-0.80	1.96	1.58
2013	0.17	0.92	71	26.28	694	1.95-(3.27)	2.17	1.85
2012	3.70	2.86	68	25.39	528	6.91-1.63	2.29	2.05
2011	6.38	6.32	55	26.19	493	11.72-3.76	3.25	3.04

### Intermediate Bond Portfolio Composite (Inception and Creation Date: June 1995)

Year	Return (Gross)	1-10 Yr. US Gov./Corp.	Accounts	Assets (\$M)	Firm Assets (\$M)	Dispersion	Composite 3 Yr Std Dev (%)	Citigroup 3 Yr Std Dev (%)
2022	-2.60	-8.30	95	30.54	364	3.2-(3.43)	3.40	7.43
2021	1.60	-1.34	104	35.57	388	-1.56-3.25	1.40	3.78
2020	4.13	6.56	106	26.56	302	9.76-(9.28)	1.53	2.34
2019	4.89	6.81	120	52.42	447	3.03-(1.2)	1.42	2.21
2018	1.20	0.88	120	53.29	441	3.03-(1.2)	1.42	2.21
2017	1.44	2.54	121	63.06	536	4.42-0.3	1.12	2.12
2016	3.58	1.78	116	46.46	560	2.09-5.90	1.29	2.25
2015	1.26	1.07	125	48.66	530	2.76-(1.21)	1.62	2.05
2014	2.15	3.11	126	47.12	608	7.61-0.61	1.58	1.92
2013	2.39	(0.78)	141	49.09	694	7.77-(3.52)	1.57	2.10
2012	4.93	4.09	138	26.53	528	7.70-3.55	1.51	2.13
2011	2.67	5.76	125	25.42	493	9.94-(0.68)	2.44	2.64
2010	6.56	5.98	102	20.02	490	12.25-2.52	4.10	4.12

**Blue Chip Strategy Composite (Inception and Creation Date: January 1997)**

Year	Return (Gross)	S&P 500	Accounts	Assets (\$M)	Firm Assets (\$M)	Dispersion	Composite 3 Yr Std Dev (%)	S&P 500 3 Yr Std Dev (%)
2022	-6.81	-18.13	80	47.41	364	(6.14)-(7.44)	14.11	24.59
2021	21.05	28.67	83	57.87	388	19.66-28.33	5.92	5.62
2020	11.06	18.39	79	46.31	302	23.65-(13.99)	10.93	10.34
2019	25.17	31.45	80	77.08	447	26.6-22.09	10.68	10.15
2018	-3.25	-4.39	88	64.03	441	6.69-(7.77)	10.98	10.32
2017	27.61	21.80	80	63.52	536	30.24-0.19	10.75	10.06
2016	16.43	11.93	80	41.34	560	14.31-20.8	11.03	10.96
2015	0.09	1.38	89	40.45	530	1.72-(7.23)	10.44	10.45
2014	9.89	13.70	87	44.51	608	11.93-4.28	8.83	9.00
2013	28.42	32.44	78	35.83	694	32.24-19.71	10.71	12.02
2012	10.02	15.95	79	26.25	528	12.11-6.96	13.27	15.10

**Small Cap Value Strategy Composite (Inception and Creation Date: January 1994)**

Year	Return (Gross)	S&P Small Cap 600	Accounts	Assets (\$M)	Firm Assets (\$M)	Dispersion	Composite 3 Yr Std Dev (%)	S&P Small Cap 3 Yr Std Dev (%)
2022	-3.94	-17.42	84	18.37	364	10.01-(9.44)	22.41	21.59
2021	40.09	25.27	92	22.75	388	20.43-66.56	12.21	6.61
2020	10.78	9.57	90	16.51	302	44.02-(48.28)	18.54	15.68
2019	20.27	20.86	110	16.06	447	15.9-(16.32)	17.32	14.66
2018	-20.65	-9.75	110	15.98	441	15.9-(16.32)	17.32	14.66
2017	9.61	11.73	73	16.80	536	18.99-0.11	16.96	14.06
2016	31.84	24.75	69	17.77	560	21.63-44.24	17.06	14.51
2015	-16.94	-3.36	68	14.10	530	1.85-(23.95)	14.96	22.91
2014	9.24	4.44	71	19.18	608	24.74-(0.05)	13.50	18.09
2013	54.44	39.65	95	22.96	694	72.08-35.77	18.35	20.10
2012	18.58	14.82	91	15.68	528	37.17-(3.00)	22.27	12.65

**Convertible Securities/High Yield Strategy Composite (Inception and Creation Date: May 1997)**

Year	Return (Gross)	Merrill Convertibles	Merrill High Yield	Accounts	Assets (\$M)	Firm Assets (\$M)	Dispersion	Composite 3 Yr Std Dev (%)	Merrill Convertibles 3 Yr Std Dev (%)	Merrill High Yield 3 Yr Std Dev (%)
2022	-11.20	-19.58	-11.11	72	17.81	364	(0.02)-(17.15)	17.70	19.29	11.08
2021	25.40	4.12	5.29	83	22.38	388	10.89-35.13	13.97	19.72	4.10
2020	-8.58	52.05	6.20	84	21.89	302	38.89-(63.05)	12.75	5.84	9.21
2019	4.82	22.89	14.40	94	24.71	447	3.99-(13.56)	11.98	5.73	8.77
2018	-5.78	0.65	-2.26	94	23.63	441	3.99-(13.56)	11.98	5.73	8.77
2017	14.12	15.70	7.48	78	27.79	536	19.97-(0.12)	11.62	5.66	8.14
2016	26.59	11.87	17.34	75	26.63	560	10.8-42.82	12.02	6.09	9.10
2015	-17.85	-2.89	-4.55	78	21.58	530	(2.18)-(31.41)	8.76	5.26	8.23
2014	0.63	9.33	2.45	80	25.08	608	15.82-(16.14)	8.32	4.41	7.52
2013	19.10	25.00	7.38	98	30.79	694	26.18-8.70	8.05	6.33	8.96
2012	9.15	14.41	15.44	103	29.11	528	15.74-(16.14)	7.52	6.92	10.00

### Midstream Energy Strategy Composite (Inception and Creation Date: January 2001)

Year	Return (Gross)	Alerian Index	Accounts	Assets (\$M)	Firm Assets (\$M)	Dispersion	Composite 3 Yr Std Dev (%)	Alerian 3 Yr Std Dev (%)
2022	22.74	30.12	54	8.56	364	32.88-16.51	40.84	37.20
2021	52.33	40.17	57	7.69	388	30.91-53.57	32.99	28.11
2020	-28.40	-28.69	63	5.27	302	0-(93.96)	23.01	19.84
2019	8.68	6.56	72	10.08	447	(0.05)-(24.08)	22.33	19.52
2018	-13.74	-12.42	72	10.25	441	(0.05)-(24.08)	22.56	19.68
2017	-3.22	-6.52	76	13.34	536	4.58-(11.37)	21.93	19.05
2016	30.38	18.31	72	14.82	560	56.27-(17.28)	22.88	19.95
2015	-38.43	-32.59	78	11.52	530	9.2-(52.75)	19.08	18.49
2014	-1.37	4.80	82	38.26	608	18.09-(8.29)	14.16	13.54
2013	32.87	27.58	94	98.89	694	55.68-21.67	12.98	13.43
2012	10.36	4.80	76	55.87	528	24.00-1.91	14.86	13.50

### Global Investment Performance Standards (GIPS) Compliance

Pinnacle Investment Advisors does not claim compliance with the Global Investment Performance Standards (GIPS®) but has prepared and presented this report in compliance with the GIPS standards. Pinnacle Investment Advisors has been independently verified for the periods December 31, 2009 through December 31, 2018 by Alpha Performance Verification Services. The verification report is available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.

GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

### Notes:

1. The firm is defined as Pinnacle Investment Advisors, a registered investment advisor responsible for management of all accounts included in the composites, including the accounts of Native American Fund Advisors. Pinnacle Investment Advisors is a balanced portfolio investment manager that invests solely in U.S.-based securities. Policies for valuing portfolios, calculating performance, and preparing GIPS reports are available upon request.
2. The Intermediate Bond Portfolio seeks higher yields and total return than are available with short term bonds. The Portfolio invests in investment grade corporate bonds in addition to core holdings of U.S. Treasury and Federal Agency securities with an average intermediate maturity of three to seven years. Creation date – June 1995. Minimum Size Threshold: \$50,000 in asset class.
3. The Tax Exempt Bond Portfolio seeks to provide a high level of income that is exempt from regular federal income taxes. The Portfolio invests in high quality municipal bonds with an intermediate average maturity of three to seven years. Creation date – June, 1995. Minimum Size Threshold: \$50,000 in asset class.
4. The firm's high yield strategy seeks to generate high total returns from income producing securities with the potential for capital appreciation. The strategy invests in convertible corporate bonds, convertible preferred stocks, and corporate bonds. The conversion option imbedded in the securities allows for capital appreciation potential should the issuer's common stock perform well. Many holdings in this strategy are rated below investment grade by the major ratings agencies or are unrated. Creation date – January 1997. Minimum Size Threshold: \$100,000 in asset class.
5. The Midstream Energy Strategy invests in publicly traded partnerships and C-corporations that produce high levels of tax sheltered income with the potential for capital appreciation. Composite inception date – December 2000. Minimum Size Threshold: \$50,000 in asset class.
6. Blue Chip Strategy - The large company stock strategy seeks to provide performance similar to the Dow Jones Industrials. The Dow Industrials offer attractive performance over long time periods with low turnover and low transaction costs. Creation date – January 1996. Minimum Size Threshold: \$50,000 in asset class.
7. The Small Cap Value Strategy seeks to provide returns consistent with the long term historical average of small company stocks. Small company stock values tend to be more volatile than large company stocks but they have generated higher returns over long periods of time. Creation date – December 1994. Minimum Size Threshold: \$30,000 in asset class.

8. Valuations are computed and performance is reported in U.S. dollars.
9. Gross-of-fees returns are presented before management and custodial fees but after all trading expenses. Net-of-fees returns are calculated based on actual fees. The effect of management fees on the client's return would reduce the total return by the amount of the management fee according to the management fee schedule. (The firm reserves the right to negotiate management fees.) The Firm may charge fees on non-discretionary assets or other assets not defined in the categories above at rates to be negotiated with the client. For some client accounts for which mutual funds or exchange traded funds are recommended, the client may be charged management fees by the firm in addition to the management fee portion of the expense ratio of the mutual fund or ETF.
10. A complete list of composite descriptions is available upon request.
11. Internal dispersion is calculated using the highest and lowest rate of annual gross returns of those portfolios that were included in the composite for the entire year.
12. The three-year annualized standard deviation measures the variability of the composite gross returns and the benchmark returns over the preceding 36-month period.
13. Non-fee paying accounts are excluded from the composites.
14. Accounts with significant cash flows (>10%) will temporarily be removed from the composite and excluded in performance presentation during the period of the significant cash flow.

## Management Fee Schedule

### Tax Exempt Bond Portfolio and Intermediate Bond Portfolio

Market Value of Assets in Account		Annualized Fee Rate
Less Than	\$ 1,000,000	0.50%
\$ 1,000,000	to \$ 2,000,000	0.45%
\$ 2,000,000	to \$ 5,000,000	0.40%
\$ 5,000,000	to \$ 10,000,000	0.35%
\$ 10,000,000	to \$ 20,000,000	0.30%
Over	\$ 20,000,000	0.25%

### Small Cap Value Strategy

Market Value of Assets in Account		Annualized Fee Rate
Less Than	\$ 1,000,000	1.00%
\$ 1,000,000	to \$ 2,000,000	0.75%
\$ 2,000,000	to \$ 5,000,000	0.625%
\$ 5,000,000	to \$ 10,000,000	0.50%
Over	\$ 10,000,000	0.50%

### Blue Chip Strategy

Market Value of Assets in Account		Annualized Fee Rate
Less Than	\$ 1,000,000	0.50%
\$ 1,000,000	to \$ 2,000,000	0.45%
\$ 2,000,000	to \$ 5,000,000	0.35%
\$ 5,000,000	to \$ 10,000,000	0.25%
Over	\$ 10,000,000	0.20%

### Convertible Securities/High Yield Strategy and Midstream Energy Strategy

Market Value of Assets in Account		Annualized Fee Rate
Less Than	\$ 1,000,000	0.75%
\$ 1,000,000	to \$ 2,000,000	0.625%
\$ 2,000,000	to \$ 5,000,000	0.55%
\$ 5,000,000	to \$ 10,000,000	0.50%
Over	\$ 10,000,000	0.45%

### Pinnacle ETF Portfolios

Market Value of Assets in Account		Annualized Fee Rate
Pinnacle EFT Portfolios	(any \$ Amount)	0.40%

## Section VIII. Potential Conflicts of Interest

Pinnacle may recommend the Schwab Institutional Division of Charles Schwab & Co., Inc for custody of the client's account in order to reach greater economies of scale when purchasing and selling securities in large quantities. The services that Schwab provides include custody of the client's assets, securities trading, research, access to mutual funds, and other investments that are otherwise generally only available to institutional investors or would require a significantly higher minimum initial investment. Schwab is compensated through commissions or other transaction related fees for securities trades that are executed through Schwab or that settle into Schwab accounts. Schwab makes available other products and services that benefit Pinnacle but may not benefit its clients' accounts. These include software and other technology that provide access to client account data, facilitate trade execution, provide research, pricing information and other market data, facilitate payment of management fees, and assist with back-office functions, record keeping, and client reporting. The firm has a similar arrangement with J.P. Morgan Securities.

The firm will attempt to negotiate low commission rates based on the size of the transaction, and that commission rate will apply to all clients. There will be no special arrangements with any particular broker. When block trades are executed, each client will receive the same average price on the security involved. More information regarding the firm's portfolio management policies is contained in the firm's written compliance policies and procedures. Management fees can be deducted from the client's account with written permission or billed directly to the client.

The Small Cap Value Strategy, Convertible Securities/High Yield Strategy, and the Midstream Energy Strategy charge higher management fees than the Blue Chip Strategy and the fixed income portfolios. Therefore, the client should be aware that the firm has an incentive to recommend the higher fee strategies.

### **Private Funds:**

Pinnacle acts as managing member of Pinnacle Acquisition Fund II, a private investment partnership and has a proprietary interest in the fund. Pinnacle Acquisition Fund II is a limited liability company whose members consist solely of accredited investors. The company was formed to buy and sell publicly traded securities, using margin transactions for leverage, and using options on interest rate futures, options on common stocks, options on index futures, and short sale positions for hedging purposes. Pinnacle receives a share of the profits and losses of the company. Pinnacle receives performance fees for Pinnacle Acquisition Fund II in addition to management fees; we receive a 10% share of the net income from Pinnacle Acquisition Fund II.

Pinnacle also acts as a managing partner for Pinnacle Income Partners II, an Oklahoma limited liability company that was formed to invest in publicly traded master limited partnerships. The fund pays a management fee to Pinnacle for acting as a managing partner. Membership in the companies is restricted to accredited investors only. Pinnacle has a proprietary interest in Pinnacle Income Partners II and is eligible to receive a performance based fee (in addition to the management fee) of 1.0% of assets under management, if the annual return exceeds 12.0% in a

given calendar year, after the normal management fee.

Pinnacle acts as a managing member of Coronado Capital, an Oklahoma limited liability company formed to invest in publicly traded small and regional banks. Pinnacle is eligible to receive a 15% share of annual return in excess of the 12% hurdle rate.

Due to the receipt of performance fees on the private funds, a potential conflict of interest exists between the firm and its separately managed client accounts. The firm could benefit by allocating profitable trades to the private funds instead of to the separate client accounts. One way to avoid this conflict is through the timing of placement of orders as described in the paragraph below. More information about this potential conflict of interest is addressed in the firm's written compliance policies and procedures and is available upon request. As a managing member, Pinnacle Investment Advisors solicits current and prospective clients for investment in Pinnacle Acquisition Fund II, Pinnacle Income Partners II, and Coronado Capital LLC. Since the firm receives performance fees, there exists a potential conflict of interest for the firm to recommend the private funds to potential clients.

Related persons, including the private funds, will by policy be the last order filled when purchases and sales of recommended securities are executed for managed portfolios. The specific policies and procedures are defined in the firm's written compliance policies. Related persons will be required to obtain prior approval from one of the Managing Partners before entering an order. Duplicate copies of all related person transactions will be kept on file with the firm's books and records.

Due to the risk of the firm having constructive custody of the assets of the private funds, the firm has developed policies and procedures to comply with the SEC's Custody Rule. The assets of the private funds are held at qualified independent custodians. Mysock, Chevaillier, and Bolden of Tulsa, Oklahoma, receives brokerage statements directly from the fund custodians and produces the quarterly financial statements and annual tax returns. The firm has engaged Briscoe, Burke & Grigsby LLP of Tulsa, Oklahoma, to provide surprise examinations of fund assets and verify account balances with the fund investors for Pinnacle Income Partners II. The firm has retained Briscoe, Burke, and Grigsby of Tulsa, Oklahoma to audit the financial statements of the other private funds.

Pinnacle Holdings controls the operational management of Pinnacle Investment Advisors. Pinnacle Investment Advisors has an operations agreement with Native American Fund Advisors, a Registered Investment Advisor. Pinnacle Investment Advisors acts as the sub-advisor to the managed accounts of Native American Fund Advisors. The client accounts of Native American Fund Advisors are managed in strategies that are similar to Pinnacle Investment Advisors.

Mr. Joel Kantor, a supervised person of the firm, is a partner with Mimosa Tree Capital Partners, a private equity investment firm. Mr. Kantor allocates approximately 40% of his work hours to Mimosa responsibilities and receives compensation from Mimosa. The investments Mimosa makes are in private companies, therefore they do not conflict with the recommended securities for Pinnacle Investment Advisors clients.

The firm has referral agreement with Mr. James A. Posey, Jr., a registered representative with TLG

Advisors. Under this agreement, Mr. Posey receives a 20% management fee split for all clients he refers to Pinnacle for investment management. These clients must sign a disclosure statement in order for Mr. Posey to receive their share of fees.

As a registered advisor, Pinnacle has adopted a code of ethics, based on the CFA Institute Asset Manager Code, pursuant to SEC Rule 204A-1 which is available upon request. Pinnacle is responsible for voting the proxy materials of supervised assets. The firm's written proxy voting policy and voting history is available upon request. The firm disclaims responsibility for voting the proxies for unsupervised assets. Clients may instruct the firm how to vote their unsupervised securities at their discretion.

***Institutional Intelligent Portfolios (the "Program") is an automated investment management service sponsored by Schwab Wealth Investment Advisory, Inc. ("SWIA"). The Program is available to our clients who open or maintain brokerage accounts at Charles Schwab & Co., Inc. ("CS&Co."), an affiliate of SWIA. Through the Program, we provide clients with a range of investment strategies. Each investment strategy consists of a diversified portfolio of exchange traded funds, as well as an FDIC-insured cash allocation. We have contracted with SWIA to provide us with the technology platform and related trading and account management services for the Program. This platform enables us to make the Program available to clients online and includes a system that automates certain key parts of our investment process, such as determining the client's investment objectives, risk tolerance, an appropriate investment strategy, and managing the client's portfolio through automated rebalancing. We create our investment strategies by choosing from among hundreds of ETFs that meet certain criteria established by SWIA.***

Clients using the Program will be subject to an extra layer of expenses from the underlying ETFs in the portfolio.

Pinnacle Investment Advisors founded the Tulsa Fiduciary Fund in the fourth quarter of 2021. Tulsa Fiduciary Fund is a non-profit, 501(c)-3 corporation, formed to provide transparent investment management and administration for donor advised funds that benefit non-profit organizations in Tulsa and northeast Oklahoma. The firm receives a share of the fees charged to the Fund for administration and management of the investment accounts, therefore a potential conflict of interest is present. The firm may be incentivized to direct clients to contribute to the Tulsa Fiduciary Fund rather than other non-profit organization endowments. The firm will fully disclose the potential revenues received from contributions to the fund. The Fund will have an independent board of directors responsible for oversight and management of the Fund.

# Section IX. Brochure Supplement

This Brochure Supplement, dated **December 31, 2022**, contains information about the following supervised persons that supplements the Pinnacle Investment Advisors brochure. You should have received a copy of that brochure. Please contact David Poarch if you did not receive a copy of Pinnacle Investment Advisors' brochure or if you have any questions about this supplement.

1. R. Brett Kramer, CFA, Managing Partner
2. David M. Poarch, Managing Partner
3. Joel B. Kantor
4. Timothy S. Posey
5. Aimee N. Boyer, CFP®
6. Toby Moore, CIMA®
7. Ross O. Swimmer
8. Jayme D. Fowher, CIMA®, ChFC

All members of the staff can be contacted at the Firm's principal place of business.

**Pinnacle Investment Advisors  
233 South Detroit Ave., Suite 100  
Tulsa, Oklahoma 74120  
(918) 582-6864**

These members of the staff can be reached at the following addresses:

Mr. Timothy S. Posey, Hall Estill, 320 South Boston, Suite 400, Tulsa, Oklahoma 74103, (918) 594-0669

Investment advice provided to clients is supervised by Mr. Poarch and Mr. Kramer.

**Additional information about Pinnacle Investment Advisors is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

All representatives of the firm that offer investment advice are required to have a degree from an accredited college or university and must have passed the NASD Investment Advisors examinations as required by law.

**R. Brett Kramer, CFA - Managing Partner**

Brett Kramer, age 60, is a Registered Investment Advisor and the Chief Investment Officer. With 32 years experience in the investment industry, Mr. Kramer is a Chartered Financial Analyst (CFA) and a former Certified Public Accountant (CPA). Mr. Kramer's primary responsibilities include overseeing the investment selection process, research, and trading. He co-founded Pinnacle in 1996 with Mr. Poarch.

Mr. Kramer began his career with The City of Tulsa, developing an investment policy, coordinating and developing a cash management process, and managing a bond portfolio in excess of \$300 million. After two years, he joined Liberty Bank where he managed over \$1 billion in fixed income securities and was responsible for the asset/liability analysis. In addition to his extensive experience in the fixed income markets, Mr. Kramer has been heavily involved with the equity markets for many years. Having worked in both the public sector and the private sector, he has perspectives, including investment policies, asset allocation, cash management, and total return to enhance portfolio management, for a broad range of clients.

Mr. Kramer earned a B.S. from the University of Oklahoma in Chemical Engineering and an M.B.A. from the University of Tulsa emphasizing finance. Mr. Kramer returned to the University of Tulsa to earn the 30 hours necessary to sit for the CPA exam.

**David Poarch - Managing Partner**

David Poarch, age 60, is a Registered Investment Advisor and Managing Partner. His primary responsibilities include assisting with investment policy and execution, supporting the marketing effort, developing new investment strategies and products, client reporting, and administration of the firm's business affairs. He was a co-founder of Pinnacle in 1996.

Mr. Poarch has 37 years experience in the investment industry including twelve years in fixed income trading and 25 years in investment portfolio management. Mr. Poarch managed the taxable securities trading efforts for Liberty Bancorp prior to joining Pinnacle. In his career, Mr. Poarch has completed the Series 7, Series 63, Series 65, and Series 24 examinations.

Mr. Poarch received a B.B.A. in Economics from the University of Oklahoma in 1983 where he was

a University Scholar, an Alumni Scholar, and a member of Beta Gamma Sigma. He earned an M.B.A. from Oklahoma City University in 1985.

Mr. Poarch has served on the board of the Tulsa Day Center for the Homeless since 1995, filling the roles of Vice President, President and Treasurer, successively. Additionally, he serves on the board of Collegiate Hall Charter School.

#### **Joel B. Kantor - Partner, Financial Planner**

Joel Kantor, age 65, is a Registered Investment Advisor and former Certified Financial Planner designee. His primary responsibilities include financial planning, portfolio management, and new business development.

Mr. Kantor has 32 years experience in the investment industry with various brokerage firms, including 20 years as a financial planner and investment advisor. Mr. Kantor joined Pinnacle in 2005. He received a B.B.A. in Accounting from the University of Oklahoma in 1978. He completed the Certified Financial Planner examination in 2000. His former board memberships include the Tulsa Jewish Retirement Center, the Tulsa Jewish Federation, Tulsa Metropolitan Ministries, the Day Center for the Homeless, Federation of Flyfishers, and Trout Unlimited. Mr. Kantor is a partner with Mimosa Tree Capital Partners, a private equity firm, that is more fully described in the Potential Conflicts of Interest section.

#### **Timothy S. Posey - General Counsel**

Tim Posey, age 55, is General Counsel for Pinnacle Holdings, LLC, the parent of Pinnacle Investment Advisors. His primary responsibilities include advising the firm on the unique legal topics of Indian Tribes and assisting with the firm's marketing effort. He has worked with the firm since 1996.

Mr. Posey holds a Juris Doctorate from the University of Oklahoma College of Law and graduated from Oklahoma University with a Bachelors of Science in Political Science. He is a practicing attorney with the firm of Hall, Estill in Tulsa, Oklahoma.

#### **Aimee N. Boyer, CFP® - Financial Planner**

Ms. Boyer, age 36, joined Pinnacle in January, 2011 as a Financial Advisor. Prior to joining the firm she worked as a retail manager at Williams-Sonoma. Her primary responsibilities include financial planning, client service, database management, marketing and business development, and managing securities trading and fund trading.

Ms. Boyer has received a B.S.B.A in Marketing and Business Management and her J.D. from the Uni-

versity of Tulsa. She has completed both the Series 65 examination and the Certified Financial Planner examination.

Ms. Boyer has served on the board of the Tulsa Campaign to Prevent Teen Pregnancy and currently serves on the board of the Tulsa Health Department.

**Robert (Toby) Moore, CIMA®, Financial Analyst/Trader**

Toby Moore, age 50, Registered Investment Advisor whose responsibilities include fixed income analysis and trading. Mr. Moore has over 25 years experience in the investment industry. Most of that time was spent as an analyst with an investment consulting firm. Mr. Moore performed asset allocation, manager selection and performance analytics of investment managers the firm recommended to foundations, endowments and other clients.

Mr. Moore received a B.S.B.A. in Finance from the University of Tulsa in 1991 and an MBA from the University of Oklahoma in 1992.

**Ross O. Swimmer - Partner**

Ross Swimmer, age 75, is an attorney and Registered Investment Advisor. He serves as a partner with the firm, supporting the business development efforts. Mr. Swimmer, a member of the Cherokee Nation, has extensive experience working with Indian tribes across the country. He is a former Principal Chief of the Cherokee Nation and Assistant Secretary of the Department of the Interior in charge of the Bureau of Indian Affairs. His most recent assignment with the federal government was the role of Special Trustee for American Indians in the Department of the Interior.

Mr. Swimmer brings broad experience in the legal field, banking, corporate management, and government affairs to the firm. He has a degree in Political Science from the University of Oklahoma and a Juris Doctorate from the University of Oklahoma. He has received many distinguished honors and awards for his work on behalf of Native Americans.

**Jayme D. Fowler, CIMA®, ChFC - Financial Advisor**

Jayme Fowler is a Registered Investment Advisor, Certified Investment Management Analyst, and Chartered Financial Consultant with over thirty years of experience in the investments business. Mr. Fowler has worked for numerous multi-billion dollar asset management firms including Nicholas Applegate, Trust Company of the West, and Oppenheimer. He has completed the Program on Investment Decisions & Behavioral Finance at Harvard University.

Mr. Fowler received a B.S.B.A. in Finance from the University of Arkansas. He currently serves on the Tulsa City Council.