

## Item 1: Cover Page

*This brochure provides information about the qualifications and business practices of Cornerstone Investment Services, LLC.*

# Cornerstone Investment Services, LLC

## Firm Brochure

*If you have any questions about the contents of this brochure, please contact us at (401) 453-5550 or by email at: [johnr@cornerstoneri.com](mailto:johnr@cornerstoneri.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 Cornerstone Investment Services, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Cornerstone Investment Services, LLC's CRD number is: 129164*

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*Registration does not imply a certain level of skill or training.*

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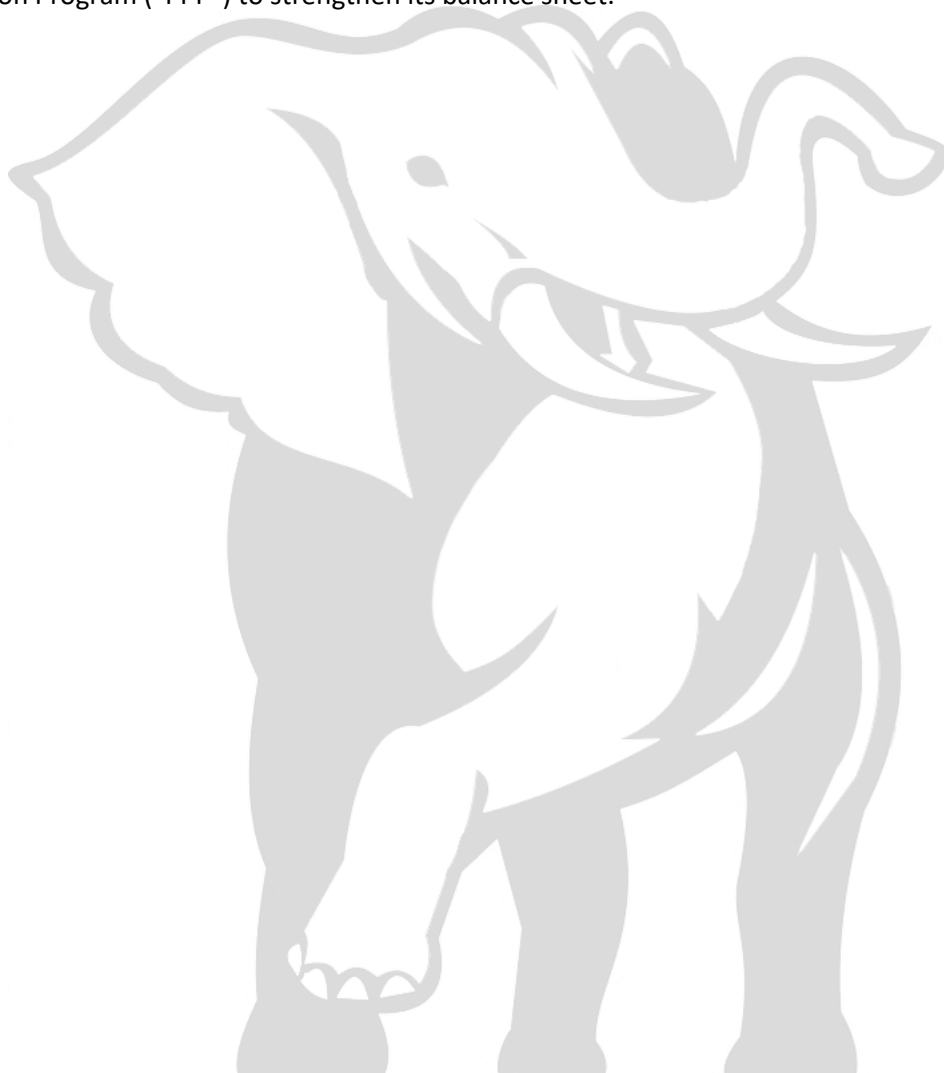


**CIS**  
Cornerstone  
Investment Services

## Item 2: Material Changes

The firm has made the following material changes to this brochure since the last annual updating amendment of Cornerstone Investment Services, LLC on March 13, 2020. Material changes relate to Cornerstone Investment Services, LLC policies, practices or conflicts of interests only.

- Cornerstone Investment Services, LLC has updated outside business activities (Item 5, Item 10).
- Item 18 has been updated to disclose the firm has elected to participate in the CARES Act's Paycheck Protection Program ("PPP") to strengthen its balance sheet.



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### Table of Contents

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## Item 4: Advisory Business

### A. Description of the Advisory Firm

This firm has been in business since June 1999, and the principal owner is John J. Riley.

### B. Types of Advisory Services

Cornerstone Investment Services, LLC (hereinafter "CIS") offers the following services to advisory clients:

#### *Investment Supervisory Services*

CIS offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. CIS creates an Investment Policy Statement for each client, which outlines the client's current situation (income, tax levels, and risk tolerance levels). Portfolio management services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Risk tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

CIS evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

CIS seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its accounts and without consideration of CIS's economic, investment or other financial interests. To meet its fiduciary obligations, CIS attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and, accordingly, CIS's policy is to seek fair and equitable allocation of investment opportunities and transactions among its clients to avoid favoring one client over another over time. It is CIS's policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent that might have a limited supply, among its clients on a fair and equitable basis over time.

CIS also offers non-discretionary services that do not include many of the services the Discretionary portfolio offers including Asset Selection, Asset Allocation, Investment Policy and others. The non-discretionary services include no-transaction fee trades, professional monitoring, and research, as available. Services also include operational and administrative services offered by our staff.

#### *Financial Planning*

Financial plans and financial planning may include, but are not limited to: a written report including an income review and balance sheet, investment planning, life insurance; tax concerns; retirement planning; college planning; and debt/credit planning. These services are based on fixed fees and hourly fees and the final fee structure is documented in Exhibit II of the Financial Planning Agreement.

### **Investment Consulting**

CIS offers investment consulting services which may include advice and analysis about individual securities and transactions in those securities.

### **Services Limited to Specific Types of Investments**

CIS generally limits its investment advice and/or money management to mutual funds, equities, bonds, fixed income, debt securities, ETFs, REITs, insurance products including annuities, and government securities. CIS may use other securities as well to help diversify a portfolio when applicable.

### **C. Client Tailored Discretionary Services and Client Imposed Restrictions**

CIS offers the same suite of services to all of its Discretionary clients. CIS will also evaluate the current investments of each client with respect to their risk tolerance levels and time horizon and proceed accordingly. CIS offers clients the ability to place restrictions on their advisory account(s). In general, the restrictions may include security type, specific securities, and cash balance requirement). Under certain situations a restriction may prevent the IAR from providing investment choices to meet a client's needs. In the event a restriction does impair the IARs ability to manage a portfolio effectively the client agreement may be terminated under the terms of the contract.

### **D. Wrap Fee Programs**

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees and transaction costs. Some wrap fee programs include administrative costs, postage and handling and regulatory fees.

CIS sponsors a wrap fee program where the investor pays one stated fee that includes management fees and transaction costs, but not fund expenses, and any other administrative fees, postage and handling or regulatory fees. For the wrap fee program sponsored by CIS, Charles Schwab & Co., Inc (Schwab) is used to affect all securities transactions. CIS manages the investments in the wrap fee program on a **discretionary** basis following one of several Models we have developed. Cornerstone decides which investments to buy and sell, at what price and when. CIS retains a portion of the wrap fee for its services. Please refer to our separate wrap brochure for information about our wrap fee program. The wrap fee program is only offered to clients that sign up for the Schwab Alliance and paperless documents services from Schwab, which are free of charge.

**Non-Discretionary** accounts are managed at the direction of the client. CIS does not take discretion in Non-Discretionary accounts. The client instructs CIS which securities to buy and sell, when and at what price.

### **E. Amounts Under Management**

CIS has the following assets under management:

<b>Discretionary Amounts:</b>	<b>Non-discretionary Amounts:</b>	<b>Date Calculated:</b>
\$31,490,755.00	\$638,820.00	June, 2020

## Item 5: Fees and Compensation

### A. Fee Schedules

#### *Investment Supervisory Services Fees*

#### Asset Management Fee Rate

Total Assets in Portfolio	Money Mgmt Fee
\$0.00 - \$100,000	2.30%
\$100,000 - \$250,000	2.30%
\$250,000.01 - \$500,000	2.20%
\$500,000 - \$749,999	1.95%
\$750,000 - \$999,999	1.70%
\$1,000,000 - \$1,999,999	1.60%
\$2,000,000 - \$2,999,999	1.50%
\$3,000,000 - \$4,999,999	1.40%
Over \$5,000,000	1.35%

These Investment Advisor Supervisory Fees are negotiable. IA Fees are charged in a linear manner. The entire portfolio is charged one IA Fee. Once a portfolio goes over a "break-point" on the IA Fee Grid, the fee declines to the next level automatically. Fees are paid monthly in arrears, and clients may terminate their contracts with thirty days' written notice. Because fees are charged in arrears, no refund policy is necessary. Clients may terminate their accounts without penalty within 5 business days of signing the advisory agreement.

#### Tactical Strategy Fee Rate

Assets in Portfolio	Money Mgmt Fee
\$0.00 - \$100,000	2.60%
Next \$100,000 - \$250,000	2.55%
Next \$250,000.01 - \$500,000	2.40%
Next \$500,000 - \$749,999	2.10%
Next \$750,000 - \$999,999	1.85%
Next \$1,000,000 - \$1,999,999	1.70%
Next \$2,000,000 - \$2,999,999	1.60%
Next \$3,000,000 - \$4,999,999	1.55%
Over \$5,000,000	1.50%

These Investment Advisor Supervisory Fees are negotiable. **The Tactical Strategy's fees are charged in a blended, not linear, manner.** Fees are paid monthly in arrears, and clients may terminate their contracts with thirty days written notice. Because fees are charged in arrears, no refund policy is necessary. Clients may terminate their accounts without penalty within 5 business days of signing the advisory contract. Advisory fees are withdrawn directly from the client's accounts as this agreement authorizes in Section VIII.

IA Fees for the Tactical Strategy are higher - than for other strategies offered by Cornerstone. This is due to the complex nature of the strategy. Clients are advised to consider the fees on all strategies carefully and be aware that the higher fees on the Tactical strategy can cause a conflict of interest.

Clients have been fully informed of the fee structure and are encouraged to ask questions before entering into any contract or agreement.

Clients will compensate Cornerstone for investment advisory services on an annual rate set forth in the Investment Advisory Agreement. Accounts are billed initially for the days from inception to the end of the month based on the month end value. Subsequent monthly fees will be calculated based upon the month's end value. No fee adjustments will be made for contributions or withdrawals. Clients may be subject to a purchase and handling fee on certain transactions.

The final Investment Advisory Supervisory Fee schedule is attached as Exhibit II of the Investment Advisory Contract. Fees are paid monthly in arrears, and clients may terminate their contracts with thirty days' written notice. Clients may terminate their accounts without penalty within 5 business days of signing the advisory contract. Advisory fees are withdrawn directly from the client's accounts with client written authorization.

Clients may terminate the agreement without penalty, for full refund of CIS's fees, within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract with [thirty] days' written notice.

#### ***Non-Discretionary Investment Supervisory Services Fees***

Total Assets	Annual Fee
Any account	0.50%

These fees for non-discretionary investment supervisory services are negotiable and the final fee schedule is attached as Exhibit II of the Investment Advisory Contract. Clients may pay a ticket charge to Schwab for stock transactions and for mutual fund transactions. There may also be shipping & handling, SEC fees and miscellaneous fees on the confirm for each trade. CIS does not share in any of these fees. Lower fees for comparable services may be available from other sources.

Clients can cut their equity ticket charges by more than 50% by signing up for Schwab's eStatements and eConfirms, this is a free service.

The balance in the client's account on the last day of the billing period is used to determine the market value of the assets upon which the advisory fee is based.

Clients may terminate the agreement without penalty, for full refund of CIS's fees, within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract with [thirty] days' written notice.

#### ***Financial Planning Fees***

##### ***Fixed Fees***

Comprehensive Financial Planning	\$500 - \$2,500
Situation Specific Financial Planning	\$1,000 - \$2,500
Cash flow planning (budget analysis)	\$250 - \$2,000

Education funding	\$100 - \$1,000
Income planning	\$500 - \$2,000
Healthcare planning	\$100 - \$1,000
Business Retirement Planning	\$500 - \$2,500
Legacy Planning	\$500 - \$2,000
Insurance Needs Analysis	\$250 - \$2,000
Retirement Planning/Analysis	\$250 - \$2,000

Fixed fees vary depending upon the complexity of the situation and the needs of the client. A deposit of 25%, but not to exceed \$499, is required in advance. If the client wishes to terminate the contract, fees that are charged in advance will be refunded based on the prorated amount of work completed at the point of termination. The fees are negotiable and the final fee schedule will be attached as Exhibit II of the Financial Planning Agreement. Clients may terminate their contracts without penalty within five business days of signing the advisory contract.

***Hourly Fees***

Depending upon the complexity of the situation and the needs of the client, the hourly fee for these services is between \$100 and \$250. The fees are negotiable and the final fee schedule will be attached as Exhibit II of the Financial Planning Agreement. Partial fees are paid in advance, with the remainder due upon presentation of the plan. Fees that are charged in advance will be refunded based on the prorated amount of work completed at the point of termination. Clients may terminate their contracts without penalty within five business days of signing the advisory contract.

***Investment Consulting Fees***

CIS negotiates Investment Consulting Fees on a case by case basis depending on the needs of the client and the complexity of the situation.

No increase in the Fees will be effective without prior written Notice.

**B. Payment of Fees**

***Payment of Investment Supervisory Fees***

CIS, with client written authority, will deduct its fees from the client account at the custodian. Fees are deducted monthly in arrears. Clients may also have the option of being invoiced directly and paying fees via check monthly in arrears.

***Payment of Financial Planning Fees***

Hourly and fixed Financial Planning fee deposits are paid via check in advance.

***Payment of Investment Consulting Fees***

Investment Consulting fees are paid via check, wire transfer or other negotiated method.



### **C. Clients Are Responsible For Third Party Fees**

This brochure describes CIS' non-wrap fee advisory services; clients utilizing CIS' wrap fee portfolio management should see the separate Wrap Fee Program Brochure for additional details regarding third party fees. Client accounts not participating in the wrap fee program are responsible for the payment of all third-party fees (i.e., custodian fees, commissions, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by CIS. Please see Item 12 of this brochure regarding broker/custodian.

Some foreign countries and ADR (American Depository Receipts) may have fees/taxes or charges on buys and sells. These are from the country of issue or the bank that holds the securities. These are pass-through fees. They pass through CIS to the investor. These are not a commission and CIS doesn't not share in or benefit from these fees.

### **D. Prepayment of Fees**

Fees that are collected in advance will be refunded based on the prorated amount of work completed at the point of termination and the total days during the billing period. Fees will be returned within fourteen days to the client via check or return to credit card.

### **E. Outside Compensation For the Sale of Securities to Clients**

Neither CIS nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

### **Item 6: Performance-Based Fees and Side-By-Side Management**

CIS does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

### **Item 7: Types of Clients**

CIS generally provides investment advice to the following Types of Clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Pension and Profit Sharing Plans

CIS Retirement Plan Services are available to clients that are sponsors or other fiduciaries to Plans, including 401(k), 457(b), 403(b) and 401(a) plans. Participant directed defined contribution plans and defined benefit plans will not be offered money management services. They will be offered non-Fiduciary services. CIS will only offer its money management services to omnibus plans only, unless the plan is an owner only plan. In this case, the plan will be the client, not the owner/participant. Plans may or may not be subject to ERISA.

#### ***Minimum Account Size***

CIS's minimum for wrap-fee accounts is \$100,000. The minimum for non-discretionary investment supervisory services is \$10,000.

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

### A. Methods of Analysis and Investment Strategies

#### *Methods of Analysis*

CIS's methods of analysis include charting analysis, fundamental analysis, technical analysis, and cyclical analysis.

**Charting analysis** involves the use of patterns in performance charts. CIS uses this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

**Technical analysis** involves the analysis of past market data; primarily price and volume.

**Cyclical analysis** involved the analysis of business cycles to find favorable conditions for buying and/or selling a security.

#### *Investment Strategies*

CIS uses long term trading, short term trading, ETF and options writing (including covered options, uncovered options, or spreading strategies).

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### B. Material Risks Involved

#### *Methods of Analysis*

**Charting analysis** strategy involves using and comparing various charts to predict long and short term performance or market trends. The risk involved in solely using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.

**Fundamental analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

**Technical analysis** attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not work long term.

**Cyclical analysis** assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold : 1) the markets do not always repeat cyclical patterns and 2) if too many investors begin to implement this strategy, it changes the very cycles they are trying to take advantage of.

### **Investment Strategies**

Long term trading is designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes. With the use of complex products such as ETFs daily resets are a factor to consider in long term trading. CIS monitors the impact of daily resets of the ETFs in the correlation to the long term return of ETFs to the index the ETFs tracks. CIS only uses EFTs that track an index on a one to one basis. CIS does not use ETFs that are known as "doubles" or "triples".

Short term trading, and options writing generally hold greater risk and clients should be aware that there is a material risk of loss using any of those strategies.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### **C. Risks of Specific Securities Utilized**

CIS generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets. However, it may utilize options writing and inverse ETFs which generally hold greater risk of capital loss and clients should be aware that there is a material risk of loss using any of those strategies.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss. Mutual funds are not guaranteed or insured by the FDIC or any other government agency. You can lose money investing in mutual funds. All mutual funds have costs that lower investment returns. They can be of bond "fixed income" nature (lower risk) or stock "equity" nature (mentioned above).

**Equity** investment generally refers to buying shares of stocks by an individual or firms in return for receiving a future payment of dividends and capital gains if the value of the stock increases. There is an innate risk involved when purchasing a stock that it may decrease in value and the investment may incur a loss.

**Treasury Inflation Protected/Inflation Linked Bonds:** The Risk of default on these bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal.

**Fixed Income** is an investment that guarantees fixed periodic payments in the future that may involve economic risks such as inflationary risk, interest rate risk, default risk, repayment of principal risk, etc.

**Debt securities** carry risks such as the possibility of default on the principal, fluctuation in interest rates, and counterparties being unable to meet obligations.

**Stocks & Exchange Traded Funds (ETF):** Investing in stocks & ETF's carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Investments in these securities are not guaranteed or insured by the FDIC or any other government agency. CIS has an investment policy concerning the pre purchase selection and post purchase review of ETFs.

**Hedge Funds** are not suitable for all investors and involve a high degree of risk due to several factors that may contribute to above average gains or significant losses. Such factors include leveraging or other speculative investment practices, commodity trading, complex tax structures, a lack of transparency in the underlying investments, and generally the absence of a secondary market.

**REITs** have specific risks including valuation due to cash flows, dividends paid in stock rather than cash, and the payment of debt resulting in dilution of shares.

**Precious Metal ETFs** (Gold, Silver, Palladium Bullion backed "electronic shares" not physical metal): Investing in precious metal ETFs carries the risk of capital loss.

**Long term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various other types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk, daily ETF resets.

**Short term trading** risks include liquidity, economic stability and inflation.

**An Options writer** may be assigned an exercise at any time during the period the option is exercisable. The writer of a covered call forgoes the opportunity to benefit from an increase in the value of the underlying interest above the option price, but continues to bear the risk of a decline in the value of the underlying interest. The writer of an uncovered call is an extremely risky position and may incur large or total losses if the value of the underlying interest increases above the exercise price.

**Inverse ETFs** - As part of the CIS overall strategy, they may use inverse ETFs (or other complex products) to effect their strategy. Inverse ETFs do not always track the underlying index 100% and CIS will only use an ETF (or other complex product) if they feel the product fulfills their objective within the portfolio's strategy. Investments in ETF's (or other complex products) are not guaranteed and involve fluctuation and a complete loss of principal is possible. In the case of inverse ETF, the nature of how these securities react is the opposite of the index they track, but it may not be a 100% correlation. Even though some ETFs "resets" daily, CIS may hold the ETF for more than one day at a time.

CIS will not use any 2X or 3X ETFs (or other complex products).

CIS has done due diligence to determine that the ETFs used are cost effect for their investment purposes relative to the alternatives such as futures or shorting which can involve much higher costs and unlimited risks.

Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

## Item 9: Disciplinary Information

### A. Criminal or Civil Actions

There are no Criminal or Civil Actions to report.

### B. Administrative Proceedings

There are no administrative proceedings to report.

### C. Self-regulatory Organization (SRO) Proceedings

There are no self-regulatory organization proceedings to report.

## Item 10: Other Financial Industry Activities and Affiliations

### A. Registration as a Broker/Dealer or Broker/Dealer Representative

Neither CIS nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

### B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor

Neither CIS nor its representatives are registered as a FCM, CPO, or CTA.

### C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests

Each IAR is required to disclose to CIS if he/she participates in any outside business activities, whether financial industry activities or not. In reviewing outside activity requests, Cornerstone will determine if there is a conflict of interest and ultimately approve or deny the activity. Approved outside activities will be disclosed on the IARs supplemental brochure. Clients can also review any IARs outside activity through [www.FINRA.org](http://www.FINRA.org) in the broker check portion of the website IAPD ([www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov))

### D. Selection of Other Advisors or Managers and How This Adviser is Compensated for Those Selections

CIS does not utilize nor select other advisors or third party managers. All assets are managed by CIS management.

## **Item 11: Code of Ethics, Participation in Transactions, Personal Trading**

### **A. Code of Ethics**

We have a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Clients may request a copy of our Code of Ethics from management.

### **B. Recommendations Involving Material Financial Interests**

CIS does not buy from or sell securities to any of its clients. CIS does not act as a general partner in any partnership in which clients are solicited to invest. CIS does not act as an investment advisor to an investment company that it recommends to its clients.

### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of CIS may buy or sell securities for themselves that they also recommend to clients. CIS will always document any transactions that could be construed as conflicts.

### **D. Trading Securities At/Around the Same Time as Clients' Securities**

CIS does not utilize a blackout policy; because of CIS's regular review of accounts, there is no set buy and sell period for certain securities, (unless being done in a block trade). Therefore, employees are included with clients when accounts are being reviewed individually and traded as such. CIS strives to not give employees an advantage, but alternatively their association with CIS should not be a disadvantage either. Acting in the clients' best interest will always be the primary concern.

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker/Dealers**

Custodians/broker-dealers will be recommended based on CIS's duty to seek "best execution," which is the obligation to seek to execute securities transactions for a client on terms that are the most favorable to the client under the circumstances. The client will not necessarily pay the lowest commission or commission equivalent, and CIS may also consider the market expertise and research access provided by the payment of commissions, including but not limited to access to written research, oral communication with analysts, admittance to research conferences and other resources provided by the brokers to aid in the research efforts of CIS. CIS will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian.

CIS recommends Charles Schwab & Co., Inc.

### **1. Research and Other Soft-Dollar Benefits**

As further described in Item 14A, CIS receives research, products, or other services from its recommended custodian, broker/dealer or other third-parties; however, these services are not contingent upon us committing any specific amount of business to a broker-dealer in trading commission. There is no incentive for CIS to direct clients to this particular broker-dealer over other broker-dealers who offer the same services. However, because this firm does not have to produce or pay for services or products it has an incentive to choose a custodian that provides those services based on its interests rather than the clients' interests. The first consideration when recommending a custodian or broker/dealer to clients is best execution.

### **2. Brokerage for Client Referrals**

CIS receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

### **3. Clients Directing Which Broker/Dealer/Custodian to Use**

CIS will not allow clients to direct CIS to use a specific custodian or broker-dealer to execute transactions. Clients must use CIS recommended custodian.

## **B. Aggregating (Block) Trading for Multiple Client Accounts**

CIS maintains the ability to block trade purchases across accounts and will do so as often as possible. Block trading may benefit clients by purchasing larger blocks in groups, we do not feel that the clients are at a disadvantage due to the best execution practices of our custodian.

## **Item 13: Reviews of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

Client accounts are reviewed at least quarterly by John J. Riley, Managing Member. John J. Riley is the chief advisor and is instructed to review clients' accounts with regards to their investment policies and risk tolerance levels. All accounts at IA are assigned to this reviewer. Pursuant to the CIS investment policy, concerning ETFs, accounts are monitored on an ongoing basis in relationship to the daily resets of the ETFs and their correlation to the long term returns of the index they track.

### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

### **C. Content and Frequency of Regular Reports Provided to Clients**

Each client will receive a quarterly report from the custodian which is their statement of record

## Item 14: Client Referrals and Other Compensation

### A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)

CIS, its IARs and employees may receive additional compensation from various vendors, product providers, distributors and others. These providers may provide non-monetary compensation by paying some expenses related to training and education, including travel expenses, and attaining professional designations. Investment Adviser might receive payments to subsidize its own training programs. Certain vendors may invite Investment Adviser to participate in conferences, on-line training or provide it publications that may further its IARs and employees' skills and knowledge. Some may occasionally provide Investment Adviser gifts, meals and entertainment of reasonable value consistent with industry rules and regulations.

Charles Schwab & Co., Inc. Advisor Services provides CIS with access to Charles Schwab & Co., Inc. Advisor Services' institutional trading and custody services, which are typically not available to Charles Schwab & Co., Inc. Advisor Services retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Charles Schwab & Co., Inc. Advisor Services. Charles Schwab & Co., Inc. Advisor Services includes brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. For CIS client accounts maintained in its custody, Charles Schwab & Co., Inc. Advisor Services generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Charles Schwab & Co., Inc. Advisor Services or that settle into Charles Schwab & Co., Inc. Advisor Services accounts.

Charles Schwab & Co., Inc. Advisor Services also makes available to CIS other products and services that benefit CIS but may not benefit its clients' accounts. These benefits may include national, regional or CIS specific educational events organized and/or sponsored by Charles Schwab & Co., Inc. Advisor Services. Other potential benefits may include occasional business entertainment of personnel of CIS by Charles Schwab & Co., Inc. Advisor Services personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist CIS in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts, if applicable), provide research, pricing information and other market data, facilitate payment of CIS's fees from its clients' accounts (if applicable), and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of CIS's accounts. Charles Schwab & Co., Inc. Advisor Services also makes available to CIS other services intended to help CIS manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers,



and human capital consultants, insurance and marketing. In addition, Charles Schwab & Co., Inc. Advisor Services may make available, arrange and/or pay vendors for these types of services rendered to CIS by independent third parties. Charles Schwab & Co., Inc. Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to CIS. CIS is independently owned and operated and not affiliated with Charles Schwab & Co., Inc. Advisor Services.

#### **B. Compensation to Non –Advisory Personnel for Client Referrals**

CIS may compensate other persons or organizations for client referrals. In each of those cases, CIS enters into an agreement with the referral agent and pays the agent a portion of the Fee. Many states require that any referral agent also be registered as an investment advisor representative. At the time that the agent refers the investor to CIS, the referral agent discloses to the investor both the arrangement with CIS and the compensation to be received by the referral agent. CIS and its IARs may also offer advisory services on the premises of unaffiliated financial institutions, like banks or credit unions. If so, CIS will have entered into agreements with the financial institutions to share compensation, including a portion of the Fee, with the financial institution for the use of the financial institution’s facilities and for client referrals.

### **Item 15: Custody**

When CIS instructs the custodian to deduct its advisory fee directly from client accounts, CIS will be deemed to have limited custody of client’s assets and must have written authorization from the client to do so. Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

### **Item 16: Investment Discretion**

CIS provides discretionary and non-discretionary investment advisory services to clients. The Investment Advisory Contract established with each client outlines the discretionary authority for trading. Where investment discretion has been granted, CIS generally manages the client’s account and makes investment decisions without consultation with the client as to what securities to buy or sell, when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, or the price per share. In some instances, CIS’ discretionary authority in making these determinations may be limited by conditions imposed by a client (in investment guidelines or objectives, or client instructions otherwise provided to CIS).

### **Item 17: Voting Client Securities (Proxy Voting)**

CIS will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

### **Item 18: Financial Information**

#### **A. Balance Sheet**

CIS does not require nor solicit prepayment of more than \$500 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

**B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

In light of the COVID-19 coronavirus and historic decline in market values, CIS has elected to participate in the CARES Act's Paycheck Protection Program ("PPP") to strengthen its balance sheet. CIS intends to use this loan predominantly to continue payroll for the firm and may ultimately seek loan forgiveness per the terms of the PPP. Due to this and other measures taken internally, CIS has been able to operate and continue serving its clients.

**C. Bankruptcy Petitions in Previous Ten Years**

CIS nor its management have been the subject of a bankruptcy petition in the last ten years.

**Item 19: Requirements For State Registered Advisers**

**A. Principal Executive Officers and Management Persons; Their Formal Education and Business Background**

CIS currently has only one management person/executive officer; John Riley. John Riley's education and business background can be found on the Supplemental ADV Part 2B form. James Simmons is also a silent owner of the firm; as a silent owner, he provides no investment advice to clients.

**B. Other Businesses in Which This Advisory Firm or its Personnel are Engaged and Time Spent on Those (If Any)**

John Riley's other business activities can be found on the Supplemental ADV Part 2B form.

**C. How Performance Based Fees are Calculated and Degree of Risk to Clients**

CIS does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

**D. Material Disciplinary Disclosures for Management Persons of this Firm**

John Riley has not been found liable in an arbitration claim or a civil, self-regulatory organization, or administrative proceeding.

**E. Material Relationships That Management Persons Have With Issuers of Securities (If Any)**

Neither CIS, nor its management persons, has any relationship or arrangement with issuers of securities.

