



Firm Brochure

Part 2A of Form ADV

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This Firm Brochure provides information about the qualifications and business practices of Steve Garrett and Associates, Inc., ("Steve Garrett and Associates, Inc."). If you have any questions about the contents of this Brochure, please contact us by telephone at 626-390-4752 or email at info@garrett-associates.net.

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.

This Brochure contains information required by regulatory authorities. Steve Garrett and Associates, Inc. offers a broad range of financial services. Not all the information in this Brochure will apply to every service we provide to every person.

Additional information about Steve Garrett and Associates, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Steve Garrett and Associates, Inc.'s CRD number is 126791.

Steve Garrett and Associates, Inc. is registered investment adviser with its principal place of business located in Glendora, California.

ITEM 2 MATERIAL CHANGES

On July 28, 2010, the United States Securities and Exchange Commission ("SEC") amended the rules and format regarding Part 2 of Form ADV (Brochure). These amendments require us to provide clients a brochure and brochure supplements written in plain English. Pursuant to SEC rules, Steve Garrett and Associates, Inc. updates this Brochure annually, or more frequently in the event of certain material changes.

The date of our last annual update to this Brochure was on July 17, 2020. Since that date, there have been no material changes.

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ITEM 4 ADVISORY BUSINESS

Investment Management

Steve Garrett and Associates, Inc. ("We" or "firm") is a California Corporation. SGA was registered as a sole proprietor from 1990 up until December 16, 2002 where it became incorporated.

Our firm offers the following types of advisory services to our clients. We have been in business since 1990.

- Investment Management
- Estate Planning
- Family Office and Multi-Generational Planning
- Litigation Support
- Retirement Plan and Pension Plan Consulting
- Non-Fiduciary Services to Retirement Plans
- Business Consulting Services
- Philanthropic Consulting
- Other Specific Engagements Based on Client Needs
- Publication of Periodicals

Not all our clients receive each of the services described below. Steve Garrett and Associates, Inc. is a fee-only advisory and planning firm. The services we provide to any client are based on mutually agreed upon engagements with the client.

Our firm provides assistance in developing an investment plan for a client. The process starts with identifying a client's overall investment objective by establishing time horizons for when the investment dollars will be needed. We then recommend an asset allocation designed to meet the objective, and adjust the asset allocation to fit the client's risk tolerance.

To implement the client's investment plan, Steve Garrett and Associates, Inc. will manage the client's investment portfolio on a discretionary or a non-discretionary basis. As a discretionary investment adviser, Steve Garrett and Associates, Inc. will have the authority to supervise and direct the portfolio without prior consultation with the client. Clients who choose a non-discretionary arrangement must be contacted prior to the execution of any trade in the account(s) under management. This may result in a delay in executing recommended trades, which could adversely affect the performance of the portfolio. In a non-discretionary arrangement, the client retains the responsibility for the final decision on all actions taken with respect to the portfolio. Steve Garrett and Associates, Inc. may elect to not manage certain accounts on either a discretionary or a non-discretionary basis.

Clients may own a wide variety of investment products before becoming our client. Clients may request that we hold these legacy positions for a period or even indefinitely, which will affect the composition and performance of the client's portfolio. In most situations, we can accommodate such a request, but

reserve the right to turn down or terminate an advisory agreement with an excess of restrictions or legacy positions.

Estate Planning

Estate planning can include an analysis and subsequent assistance with the implementation of an estate plan. In the analysis phase, the current estate documents and/or trusts are analyzed and a projected estate tax liability is calculated. We make estate planning recommendations according to the client's goals and objectives. A client may engage our firm to assist with the implementation of an estate plan, and we may work with professional advisors for implementation. If requested, we will facilitate the communication of a client's estate plan to any family members and/or other beneficiaries.

Family Office and Family Multi-Generational Planning

Our Family Office service generally focuses on serving families where multiple generations are involved and where the family has more complex needs in areas such as financial planning, investment management, business consulting, estate planning, and the pursuit of philanthropic objectives. A Family Office client may be served by multiple advisors and home office support teams to deliver a tailored level of client service.

Family Multi-Generational Planning focuses on transferring wealth in family business assets from one generation to succeeding generations. This category of planning is tailored to each client situation and may include business transition strategies, wealth transfer strategies, and charitable giving strategies. This type of engagement may require family meetings and a longer period of implementation.

Litigation Support

Steve Garrett has been called upon to act as an expert witness in FINRA (NASD) arbitrations, State and Federal courts. The primary topic of opinion is supervision of those who offer financial products to the public. Failure to Supervise is a central issue in a considerable number of these disputes and claims.

Steve Garrett primarily represents the public claimants in disputes with industry (FINRA Members) for two simple reasons. The industry has a wealth of experts who are employed by member firms and can provide opinions to represent the interest of their employer while the public has limited options for equal expertise and assistance. The second part of the matter is that there are occasional failures of practices or individuals that need to be corrected or eliminated to the ultimate benefit of the member firms, financial service industry and the public at large.

Case Evaluation

Mediation

A combination of consultative skills regarding the basis of disputes and facilitative skills that provide a solid foundation for the process of developing mutual understanding and developing solutions that are acceptable to both sides of disputes and conflicts.

Testimony

Supervision of Registered Representatives:

Failure to Supervise; including industry practice and standard of care in complying with FINRA Rules. Best practice and standard of care over and above FINRA Rules.

Suitability issues:

Suitability of investors,

Industry practice and standard of care in profiling the customer and complying with FINRA Rules.

Suitability of Investments,

Individual stocks, Government bonds including Government National Mortgage Association (GNMA) bonds, Municipal bonds, Listed Options, Mutual Funds, break points, and share class.

Suitability of Strategy,

Individual stocks fundamental analysis, technical analysis, momentum trading or buy and hold. Government bonds variation of quality, and diversification. Listed Options, buying, covered writing, naked sales, straddles and conservative vs. speculative.

Suitability of Registered Representative

A series 7 registration does not always translate to competency in special products or strategies.

Registered Investment Advisor

Industry practice and standard of care for a Registered Investment Advisor. Difference between suitability standards and fiduciary standards.

Professional Athlete Service

Our Professional Athlete services are designed to help professional athletes to build and retain wealth and to practice significant giving while active in their careers. We also assist professional athletes with continuing to extend generosity to others and retaining personal wealth once retired. This is accomplished by planning, effectively managing cash flow and providing bill-pay services while following the firm's biblically-based financial strategies.

Retirement Plan and Pension Consulting

The Employee Retirement Income Security Act of 1974 ("ERISA") sets forth rules under which Plan Fiduciaries may retain investment advisers for several types of services with respect to Plan assets. For certain services, Steve Garrett and Associates, Inc. will be considered a fiduciary under ERISA. For example, Steve Garrett and Associates, Inc. will act as a fiduciary when providing discretionary or non-

discretionary investment advice to Plan Fiduciaries or Plan Sponsors by recommending a suite of investments as choices from which Plan Participants may select. Also, to the extent that the Plan Fiduciaries have retained Steve Garrett and Associates, Inc. to act as an investment manager within the meaning of ERISA § 3(38), Steve Garrett and Associates, Inc. will provide discretionary investment management services to the Plan.

We provide advisory services to 401(k), 403(b), and other qualified and non-qualified retirement and deferred compensation plans (“ERISA Plans”). Existing services can be tailored to client requirements. We advise our retirement plan and pension consulting clients regarding potential fiduciary investment liability issues they have as a Plan Sponsor.

Our retirement plan and pension consulting services fall into five general service categories described below. Clients may choose whether to use any of these services:

Preparation of an Investment Policy Statement (an "IPS"):

We will work with the Plan Sponsor to determine an appropriate investment strategy that reflects the Plan Sponsor's stated investment objectives for management of the plan. Our firm then prepares a written understanding with the client detailing those needs and goals including an Investment Policy Statement (“IPS”). Our recommendations for the IPS will be consistent with ERISA section 404(c). Plan Fiduciaries retain responsibility for the final determination of investment options and for compliance with ERISA section 404(c).

This Investment Policy Statement will:

- establish reasonable expectations, objectives and guidelines in the investment of the Portfolio’s assets;
- create the framework for a well-diversified asset mix that can be expected to generate acceptable long-term returns at a level of risk suitable to the Investor;
- describing an appropriate risk posture for the investment of the Investor’s Portfolio;
- establishing investment guidelines regarding the selection of investments, permissible securities and diversification of assets;
- specifying the criteria for evaluating the performance of the Portfolio’s assets;
- define the responsibilities of the Investor and the Advisor;
- encourage effective communication between the investment manager and the investor.

This IPS is not a contract. Legal counsel has not reviewed this investment policy and the Advisor and Investor use it at their own discretion. This IPS is intended to be a summary of an investment philosophy and the procedures that provide guidance for the Investor and the Advisor. The investment policies described in this IPS should be dynamic. These policies should reflect the status and philosophy regarding the investment of the Portfolio. These policies will be reviewed and revised periodically to ensure they adequately reflect any changes related to the Portfolio, to the Investor or the capital markets.

It is understood that there can be no guarantee about the attainment of the goals or investment objectives outlined herein.

Selection of Investment Vehicles:

We assist Plan Sponsors in constructing appropriate asset allocation portfolios. We will then review various mutual funds or other investment funds (both index and managed) to determine which investments are appropriate to implement the IPS developed and adopted by the Plan Sponsor. In general, the investments we recommend are similar to those recommended to our individual clients unless considerations particular to ERISA.

Plans affect those investment recommendations. The recommended options are consistent with ERISA section 404(c), and Plan Fiduciaries retain responsibility for the final determination of investment options and for compliance with ERISA section 404(c).

Monitoring of Investment Performance:

We monitor the Plan's investments based on the procedures and timing intervals agreed upon by the Plan Sponsor. We review the Plan's portfolio and will make recommendations to the Plan Sponsors as market factors and the Plan's needs dictate. We may provide this service on a non-discretionary basis or, when retained as an investment manager within the meaning of ERISA § 3(38), we will provide continuous and ongoing supervision over the designated retirement plan assets.

Employee Communications:

We may also provide periodic educational support and educational workshops designed for Plan participants.

General Retirement and Pension Plan Consulting:

Plan Sponsors may engage our firm to provide a review of their retirement or pension plans. Areas reviewed include, but are not limited to items such as fiduciary liability, investment policy statement, plan investment and administrative fees.

Non-Fiduciary Services to Retirement Plan Participants

The requirement for written investment policies originally arose out of regulations relating to company retirement plans (ERISA). There is no legal need for a written investment policy statement (IPS), but when the investor is an individual client here remains a great deal of value in the preparation and use of a IPS. The presence of an IPS helps to clearly communicate the procedures, investment philosophy, guidelines and constraints to be adhered to by the parties. It be a directive from the client to the investment manager about how the money is to be managed, but at the same time the IPS should provide the guidelines for all investment decisions and responsibilities of each party. As a policy document, rather than an implementation directive, the IPS should provide guidance for how investment decisions will be made; it should not be a list of the specific securities to be used.

The principal reason for developing a long-term investment policy and for putting it in writing is to enable you and us to protect your portfolio from *ad hoc revisions* of sound long-term policy. The written investment policy will help you maintain a long-term policy when short-term market movements may be distressing, and the policy is in doubt.

Business Consulting Services

Steve Garrett and Associates, Inc. may advise clients who are business owners on various aspects of business planning and strategy, including strategic planning, charitable strategies, continuity and succession planning, and considerations regarding the sale of their businesses. We may engage other non-affiliated professionals or firms to consult on, and assist in, providing related business consulting services.

Philanthropic Consulting

Steve Garrett and Associates, Inc. clients may wish to develop personal charitable giving plans. We will advise on different charitable giving strategies, some of which may involve the use of donor advised funds, trusts, estate bequests, or tax-saving techniques.

Other Specific Engagements Based on Client Needs

To meet the unique needs of individual and business clients, our firm may offer other finance-related consulting services and recommendations not described in this Brochure.

Publication of Periodicals

Our firm publishes periodic newsletters providing general information on various financial topics including, but not limited to: financial planning, estate and retirement planning, market trends, etc. These newsletters, and the information provided in them, are not intended to meet the objectives or needs of any specific individual or organization. Our newsletters are distributed free of charge.

ITEM 5 FEES AND COMPENSATION

Investment Management Fees

This is a fee based asset management program that provides unlimited flexibility to personalize a clients' portfolio of stocks, bonds and more than 3,800 no-load/load-waived and institutional mutual funds.

- * Annual fee of 1.25% of assets for accounts over \$25,000 and less than \$100,000.
- * Annual fee of 1% of assets for accounts over \$100,000 and less than \$1,000,000.
- * Annual fee of .8% of assets for accounts over \$1,000,000.

Investment management fees are generally payable quarterly, in advance, on the first business day of each quarter and are calculated based on the value of the account assets under management as of the close of business on the last business day of the preceding calendar quarter. Advisory fees incurred are directly deducted from clients accounts by LPL Financial and compensated to Steve Garrett.

Estate Planning Fees

Estate Planning fees will be determined based on the time required to complete the estate plan, the complexity of the client's situation, the nature of the services being provided and any implementation of the estate plan. Fees are mutually agreed upon between Steve Garrett and Associates, Inc. and the client. We generally charge hourly fees at the rate of \$180 per hour. Consulting fees are calculated and charged on an hourly or fixed-fee basis subject to the specific arrangement with the client. The client will be billed monthly or quarterly in advance in accordance with the Client Agreement. In the event of termination, with respect to hourly arrangements, clients will be billed for the number of hours spent through the date of termination. For the fixed-fee arrangements, fees will be prorated based upon the percentage completion of the engagement and any payment to date.

Family Office/Family Multi-Generational Planning Fees

Fees will be determined based on the nature of the services being provided and the complexity of each client's circumstances. Fees are mutually agreed upon when Steve Garrett and Associates, Inc. and the client enter into a contract. We generally charge hourly fees at the rate of \$180 per hour. Consulting fees are calculated and charged on an hourly or fixed-fee basis subject to the specific arrangement with the client. The client will be billed monthly or quarterly in advance in accordance with the Client Agreement. In the event of termination, with respect to hourly arrangements, clients will be billed for the number of hours spent through the date of termination. For the fixed-fee arrangements, fees will be prorated based upon the percentage completion of the engagement and any payment to date.

Litigation Support

When providing litigation support, we charge the following hourly rates:

For testimony or deposition.

\$360.00 per hour

For preparation and analysis.

\$180.00 per hour

For travel or staff time.

\$90.00 per hour

Reimbursement for reasonable out-of-pocket expenses incurred, including travel costs. We generally charge hourly fees at the rate of \$180 per hour. Fees are calculated and charged on an hourly or fixed-fee basis subject to the specific arrangement with the client. The client will be billed monthly or quarterly in advance in accordance with the Retainer Agreement. In the event of termination, with respect to hourly arrangements, clients will be billed for the number of hours spent through the date of termination. For the fixed-fee arrangements, fees will be prorated based upon the percentage completion of the engagement and any payment to date.

Professional Athlete Fees

Fees will be determined based on the nature of the services being provided and the complexity of each client's circumstances. Fees may be based on the salary of the athlete and are specified in the Client Agreement. Fees are mutually agreed upon when Steve Garrett and Associates, Inc. and the client enter into a contract. We generally charge hourly fees at the rate of \$180 per hour. Business Consulting Services fees are calculated and charged on an hourly or fixed-fee basis subject to the specific arrangement with the client. The client will be billed monthly or quarterly in advance in accordance with the Client Agreement. In the event of termination, with respect to hourly arrangements, clients will be billed for the number of hours spent through the date of termination. For the fixed-fee arrangements, fees will be prorated based upon the percentage completion of the engagement and any payment to date.

Retirement Plan and Pension Consulting Fees

Steve Garrett and Associates, Inc. may charge an hourly or fixed fee for consulting services to qualified and non-qualified retirement Plans. We generally charge hourly fees at the rate of \$180 per hour. Retirement Plan and Pension Consulting Services fees are calculated and charged on an hourly or fixed-fee basis subject to the specific arrangement with the client. The client will be billed monthly or quarterly in advance in accordance with the Client Agreement. In the event of termination, with respect to hourly arrangements, clients will be billed for the number of hours spent through the date of termination. For the fixed-fee arrangements, fees will be prorated based upon the percentage completion of the engagement and any payment to date.

Business Consulting Services Fees

Fees will be determined based on the nature of the services being provided and the complexity of each client's circumstances. Fees are mutually agreed upon when Steve Garrett and Associates, Inc. and a client enter into a contract. We generally charge hourly fees at the rate of \$180 per hour. Business Consulting Services fees are calculated and charged on an hourly or fixed-fee basis subject to the specific arrangement with the client. The client will be billed monthly or quarterly in advance in accordance with the Client Agreement. In the event of termination, with respect to hourly arrangements, clients will be billed for the number of hours spent through the date of termination. For the fixed-fee arrangements, fees will be prorated based upon the percentage completion of the engagement and any payment to date.

Philanthropic Consulting Fees

Fees will be determined based on the nature of the services being provided and the complexity of each client's circumstances. We generally charge hourly fees at the rate of \$180 per hour. Business Consulting Services fees are calculated and charged on an hourly or fixed-fee basis subject to the specific arrangement with the client. The client will be billed monthly or quarterly in advance in accordance with

the Client Agreement. In the event of termination, with respect to hourly arrangements, clients will be billed for the number of hours spent through the date of termination. For the fixed-fee arrangements, fees will be prorated based upon the percentage completion of the engagement and any payment to date.

Fees for Other Client Specific Engagements

We generally charge hourly fees at the rate of \$180 per hour. Business Consulting Services fees are calculated and charged on an hourly or fixed-fee basis subject to the specific arrangement with the client. The client will be billed monthly or quarterly in advance in accordance with the Client Agreement. In the event of termination, with respect to hourly arrangements, clients will be billed for the number of hours spent through the date of termination. For the fixed-fee arrangements, fees will be prorated based upon the percentage completion of the engagement and any payment to date.

ITEM 6 PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Steve Garrett and Associates, Inc. does not charge performance-based fees.

ITEM 7 TYPES OF CLIENTS

Steve Garrett and Associates, Inc. provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Businesses
- Charitable Organizations
- Pension and profit sharing plans (other than plan participants)
- Corporations, trusts, or other businesses not listed above

Various service engagements require applicable minimum balances and/or annual fees.

ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES

Methods of Analysis

The basis for our investment recommendations is the Nobel Prize winning investment strategy known as Modern Portfolio Theory. We also respect the well-publicized studies revolving around efficient markets, the long-term performance histories of value stocks versus growth stocks, small capitalization stocks versus large capitalization stocks, and passive versus active management. We objectively apply this historical and ongoing research to construct portfolios for relative and absolute performance. More importantly, each client's portfolio is designed to meet that client's stated objectives.

Steve Garrett and Associates, Inc. adheres to the following investment principles and beliefs:

- Markets are efficient: Security prices reflect available information.
- Structure determines performance: Asset allocation along size, value and market exposure dimensions primarily determines the results of a broadly diversified portfolio.
- Risk and return are related: Exposure to meaningful risk factors determines expected return.

- Diversification is essential: Diversification reduces uncertainty; concentrated investments add risk with no additional expected return.
- Costs and taxes matter: Expenses and taxes reduce net returns.
- The following mega trends will affect the economy:
- The current market up trend began in July of 1934. It is more than a coincidence that the birth of the modern market began at about the same time as the creation of the Securities and Exchange Commission and market regulation in general.
- Everyone in the world wants a better life. That better life is constantly being developed by innovative ideas and technologies. Those two factors drive the future growth of economic activity and investment opportunities.
- The expansion of economic and market freedom to larger populations also drive the future growth of economic activity and investment.

The following principles are the beliefs that guide us in making investment recommendations:

- The American economy, stock, and bond markets are among the best investments available; they are the primary basis of wealth creation in our society.
- The use of a diversified portfolio of different asset classes can result in a reduction in investment risk. That reduction in risk is often accompanied by minimizing the opportunity for returns above that of the market average.
- Focusing a portfolio on a limited number of securities within a small number of asset classes may allow for investment returns more than market averages, with an increased risk of volatility of investment performance.
- Risk can be mitigated by diversification across many asset classes, or maintaining a long-term investment horizon. Investors who are unable to withstand temporary price fluctuations should be counseled on perseverance, diversification, or avoidance.
- The possibility of buying at the bottom and selling at the top is so unlikely as to be inconsequential. Attempting to predict market cycles is often an exercise in futility.
- The basis of investment decisions should be on future possibilities and not second-guessing the past. You can't see the road ahead looking in the rearview mirror, unless you are going backwards.
- Investing in fixed income securities is a trade-off of a more predictable result with a limitation on return. Since the return is limited, speculating for higher returns should be avoided. The investor should stay with borrowers where the probable investment returns are commensurate with the investment risk.
- We believe in the value of relationships with the understanding that a significant part of investment success comes from: identifying long-term visions, quantifying attitudes towards risk, establishing goals, and implementing appropriate strategies.
- Investment expenses affect investment returns. Avoid excessive cost and fees, but remember that good advice is worth far more than you pay for it.

Asset Classes

The following asset classes represent those regularly recommended and utilized by Steve Garrett and Associates, Inc. in creating investor portfolios.

Cash Equivalents

All cash equivalent investments shall be pooled investment vehicles, such as money market funds, where the fund's share price is intended to remain constant and the fund's yield is comparable with the current risk-free rate of return. Although the funds seek to preserve the value of the investments at \$1.00 per share, it is possible to lose money.

Intermediate Term Bonds

Investments in fixed income securities that represent debt securities of the U.S. government, U.S. government agencies, state government, local government, or high quality corporate securities. Utilizing securities with maturities averaging less than ten years.

Long Term Bonds

Investments in fixed income securities that represent debt securities of the U.S. government, U.S. government agencies, state government, local government, or high quality corporate securities. No limitation on average maturity, with the acceptance of greater volatility in search of increased returns.

Income Producing Common Stocks

Common stock of companies believed capable of providing a predictable growth of revenue and earnings, and a track record of providing a predictable stream of dividends that grow will over time. By definition, these would be well-capitalized companies with strong management, excellent products or services and identifiable track records.

Core Growth Common Stocks

Common stock of companies believed capable of providing a predictable growth of revenue and earnings greater than twenty percent a year for the next twenty years. By definition, these would be large well-capitalized companies with strong management, excellent products or services and identifiable track records.

Special Situation Common Stocks

Common stock of companies involved in change. The expectation of relevant change in management, products, or markets that will impact the growth of revenue and earnings within the ensuing year or two should be evident. Inclusion in this category would be the common stock of companies with consistent track records where the investing public's perception of the company is about to change.

Portfolios

Preservation of Capital Portfolio

This portfolio utilizes taxable or tax-free bonds issued by the United States government, government agencies, state or local government or corporations. The primary strategy for these investments would concentrate on managing risk through a diversification of time to maturity. It

is the most conservative of investment portfolios. Emphasis is placed on generation of current income and prevention of capital loss.

Income with Capital Preservation

Designed as a longer-term accumulation account, with a conservative investment objective. The account might invest up to 20% in cash equivalents, up to 75% in bonds and fixed income investments, up to 20% in income producing common stocks. Emphasis is placed on generation of current income, growth of income, and prevention of capital loss.

Growth with Income

Designed as a longer-term accumulation account. The account might invest up to 10% in cash equivalents, up to 50% in bonds and fixed income investments, up to 50% in income producing common stocks, and up to 50% in growth oriented common stocks. Emphasis is placed on the dual objective of growth of income, and the growth of capital.

Growth

Designed as a longer-term accumulation account. The account might invest up to 10% in cash equivalents, 100% in growth-oriented common stocks, and 40% in special situation common stocks. Emphasis is placed on the objective of the growth of capital with the acceptance of appropriate risk and volatility. Emphasis is placed on the growth of capital.

Aggressive Growth

Designed as an intermediate term accumulation account. The account might invest up to 10% in cash equivalents, 50% in growth-oriented common stocks, and 100% in special situation common stocks. Emphasis is placed on the objective of the growth of capital with the acceptance of appropriate risk and volatility.

ITEM 9 RISK OF LOSS

Risk cannot be totally avoided. It can be identified, understood, and sometimes managed. In our everyday lives we act to control our exposure to risk by doing things such as checking the weather forecast before leaving the house, or avoiding dangerous intersections when driving.

The investment world also has strategies to identify and mitigate some risk. These range from highly sophisticated mathematical strategies to classic, proven methods available to every investor.

You can identify potential risks, understand their likelihood of occurring and potential impact, and identify available risk control methods.

The following are some proven strategies designed to help control investment risks:

1. Diversification

This strategy may minimize both risks and opportunities. The result should be a combination of less hurt and less gain. It's simply the investment version of not putting all your eggs in one basket.

People who study these things believe that the major benefit of diversification can be achieved with as few as ten individual securities. That axiom would suggest that as few as ten securities could represent a diverse universe of industries.

2. Investing systematically

You can put price fluctuations to work for you and actually reduce the average price you pay for shares. The secret is you're buying more shares when the price is low and fewer shares when prices are high.

Dollar cost averaging involves continuous regardless of fluctuations in price levels. Of course it does not guarantee a profit or protect against a loss in a constantly declining market.

3. Investing for the long-term.

Ignoring short term fluctuations in investments and focusing on the long term is a proven risk control strategy. In fact, the longer you stay invested, the less likely it is that you'll experience a negative return.

Even the worst 20-year period in history for large company stocks represented by the S & P 500 Average still left investors with a compound annual return, nearly the same as the 3.7 average return for Treasury bills.

For investors who held large company stocks represented by the S & P 500 Average for 20year holding periods between 1926 and 2000, the average annual total return was greater than 10% and none of those holding periods experienced a loss. On the other hand, for investors who held onto the same kind of stocks for one-year holding periods, returns ranged from gains of more than 50% to losses exceeding 30%.

4. Understand what you are investing in.

The most basic strategy for mitigating risk is common sense. If it seems to be too good to be true, it probably is.

In today's world, information is easy to obtain. Use that information to make a solid judgment of potential risk and reward. As information becomes more readily available, the judgment of the validity and value of that information becomes more important.

5. Seek advice of a financial advisor

A financial advisor should help you establish realistic goals and a plan to help you achieve them.

An advisor should also help you diversify your portfolio for appropriate risk and without sacrificing potential return.

A seasoned, financial advisor should help you manage the emotions along with the information of investing. Managing emotions is a key element of long-term investing.

A investment advisor should assist you in getting information and can provide guidance in the meaning of that information.

Remember, it's your money and your decision. Of course, as a financial advisor we can provide professional expertise and perspective. The best way to address these risks is by understanding the current economic season or environment and by constructing diversified asset-allocated portfolios for our clients.

Our analysis methods rely on the assumption that the third-party and publicly-available sources of information upon which we make investment decisions contain accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

ITEM 10 DISCIPLINARY INFORMATION

Our firm and our management personnel have no reportable disciplinary events to disclose.

ITEM 11 CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT

Code of Ethics

Our firm has adopted a Code of Ethics (“the Code”) which sets forth high ethical standards of business conduct that we require of our employees. This Code includes compliance with applicable federal securities laws. Steve Garrett and Associates, Inc. and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. Clients may request a copy by email sent to info@garrett-associates.net, or by calling us at 626-390-4752.

ITEM 12 BROKERAGE PRACTICES

Steve Garrett and Associates, Inc. has an arrangement with LPL Financial Services (LPL) through which LPL provides us with a "platform" of services. The includes, brokerage, custody, and other back-office functions, recordkeeping and client reporting.

Aggregated Trade Policy

Steve Garrett and Associates, Inc. may enter trades as a block where possible and when advantageous to clients whose accounts have a need to buy or sell shares of the same security. This method permits the trading of aggregate blocks of securities composed of assets from multiple client accounts. It allows Steve Garrett and Associates, Inc. to execute trades in a timely, equitable manner, and may reduce overall costs to clients.

We will prepare, before entering an aggregated order, an allocation file that specifies the participating client accounts and how it intends to allocate the order among those clients. If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the allocation file. If the order is partially filled, it will generally be allocated pro-rata, based on the allocation file. Notwithstanding the foregoing, the order may be allocated on a basis different from that specified in the allocation file if all client accounts receive fair and equitable treatment, and the reason for different allocation is explained in writing and is approved by an appropriate individual/officer of Steve Garrett and Associates, Inc.

ITEM 13 REVIEW OF INVESTMENT ACCOUNTS

Reviews of client investment accounts occur on two general levels:

On a daily basis, the Aggregate Positions Report for all positions for all clients is reviewed for material changes in the reasons to buy, hold or sell any of those securities.

At the second level, individual client investment accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, the market, or economic environment.

ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION

Client Referrals

Steve Garrett and Associates, Inc. does not pay referral fees. It is our policy that any referral we make to a third-party service provider obligates that third party to do everything possible to make us look smart in making the referral. The reverse holds true, we feel an obligation to reward anyone who makes a referral to us the reward of looking very smart for making the referral.

ITEM 15 CUSTODY

Steve Garrett and Associates, Inc. has an arrangement with LPL Financial Services (LPL) through which LPL provides us with a "platform" of services. This includes, brokerage, custody, and other back-office functions, recordkeeping and client reporting.

ITEM 16 INVESTMENT DISCRETION

For investments, advisory client accounts over which our firm has discretion through LPL Financial only, we have the authority to specify the securities to be bought or sold, the brokers or dealers through whom securities are to be bought or sold, and the commission rates at which securities transactions are to be effected. Steve Garrett and Associates, A Registered Investment Advisor, does not use discretion on any accounts.

Clients can make a request to limit the discretionary authority given to Steve Garrett and Associates, Inc. regarding an individual investment account or security. While our Financial Advisors will make efforts to follow these limitations, due to the volume of client accounts we manage, we cannot guarantee that these client imposed limitations on our authority will always be allowed.

ITEM 18 FINANCIAL INFORMATION

Steve Garrett and Associates, Inc. has no financial information to report that would prevent the firm from providing its services to its clients.

Steve Garrett and Associates, Inc. has not been the subject of a bankruptcy petition at any time during the past ten years.

ITEM 19 PRIVACY POLICY

Our Commitment to Your Privacy: Steve Garrett and Associates, Inc. has a long-standing policy of protecting the confidentiality and security of information we collect about customers for which we provide services. We will not share nonpublic personal information about you with third parties without your consent, except for the specific purposes described below. This notice describes the Information we may gather and the circumstances under which we may share it.

Why We Collect and How We Use Information: We limit the collection and use of information to what we require to deliver service to you.

How We Gather Information: We get most Information directly from you or your attorney. This Information may relate to your finances, employment or other personal characteristics, such as your first and last name, address, phone number, social security number and email address, as well as accounts and transactions and interactions.

How We Protect Information: Our employees are required to protect the confidentiality of information and to comply with our established policies. They may access Information only when there is an appropriate reason to do so. Employees who violate our Privacy Policy are subject to disciplinary process.

Disclosure of Information: We may disclose any kind of Information to or as directed by your attorney, or where disclosure is required by law.

To Whom This Policy Applies: This Privacy Policy applies to individuals to whom services are provided by Steve Garrett and Associates, Inc.

Access to and Correction of Information: If you desire to review any file we may maintain for your Information, please contact us or your attorney.

Further Information: We reserve the right to change this Privacy Policy. The examples contained within this Privacy Policy are illustrations and they are not intended to be exclusive. This notice complies with Federal law, State law and SEC regulations regarding privacy. You may have additional rights under other foreign or domestic laws that may apply to you.

Steve Garrett President

ITEM 19 CONTINUED

Steve Garrett is the Principle Executive Officer and the sole Management Person of SGA. Steve Garrett spends 30% of his time on Expert Witness service and 50% of his time when working on a specific case.

EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Stephen Earl Garrett
Year of birth: 1945

Education

University of Colorado;
09/01/1963 - 06/01/1967

Temple City High;
09/01/1959 - 06/01/1963

Business Experience

Steve Garrett & Associates; Registered Investment Advisor
11/1990 – PRESENT

LPL Financial, LLC; Financial Advisor
03/1993 - PRESENT