



GRAYELI INVESTMENT MANAGEMENT

11951 FREEDOM DRIVE, SUITE 1300

RESTON, VA 20190

703-464-8880

www.grayeli.com

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This Brochure provides information about the qualifications and business practices of Grayeli Inc. d/b/a Grayeli Investment Management (hereby also referred to as Grayeli). If you have any questions about the contents of this Brochure, please contact us at 703-464-8880 and/or info@grayeli.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.

Grayeli is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Grayeli also is available on the SEC's website at www.adviserinfo.sec.gov

Item 2 – Material Changes

Since the last update made on 12/31/2018 to this brochure there have not been any material changes.

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Item 3 – Advisory Business

Grayeli Investment Management was founded by its sole principal Mehdi Grayeli in January of 1998. Prior to starting the firm Mr. Grayeli worked at Merrill Lynch as a Financial Advisor from 1994-1997. He holds a B.S. in Finance from University of Baltimore, and an M.B.A. from University of Maryland.

Since its inception the firm has been providing prudent, personalized and analytical wealth management solutions to affluent and high net-worth investors as well as small and mid size businesses. The firm's comprehensive financial services integrate the firm's core services which includes investment management with financial planning as well as utilizing life, disability and long term care insurance products to minimize risk.

All investment management services are provided on a discretionary basis; however each account is managed according to the risk tolerance and financial goals of each client, while allowing clients to impose restrictions on investing in certain securities or types of securities. Currently assets that are managed on a discretionary basis amount to \$5,777,482 for 58 accounts and \$463,366 on a non-discretionary basis for 2 accounts.

Item 4 – Fees and Compensation

For individual investors Grayeli manages a wide range of investment vehicles selecting and monitoring each investment for all portfolios. The fee for investment management services will vary according to the different classes of assets in and the net assets in the account. For these services the firm is compensated based on the fee schedule listed below.

Account Size	Annual Fee
First \$500,000	1.00%
Next \$500,000	0.90%
Next \$1,000,000	0.70%
Next \$1,000,000	0.60%
Next \$2,000,000	0.50%
Next \$2,000,000	0.40%
Next \$3,000,000	0.30%

Compensation is made by payment of an annual asset-based fee payable quarterly in advance of each fiscal year quarter. The fees are deducted automatically from the accounts. Depending on the size of the account some fees are negotiable. The client will have the right to terminate the agreement at anytime upon advance written notice. Upon termination, the client will receive a full refund if the notice was made within 5 days of agreement, or for any unearned fee for the quarter.

In addition to providing fee based investment advisory services through its independent insurance agency division Grayeli also provides life and health insurance products. Appropriate insurance products are usually recommended to clients during an overall financial planning process. Grayeli compensation on all insurance products will be based on the commissions determined by the insurance carrier, and these commissions have no impact on the investment advisory fees. Given the commission based compensation structure for life and health insurance products Grayeli does have an incentive to recommend insurance products rather than for client's needs. Thus for life and health insurance products Grayeli has an incentive to offer those products based on the compensation received as opposed to the client's needs. However the client has the option to utilize and purchase the insurance products from other insurance providers and brokers.

Grayeli also provides investment consultancy services to plan trustees for business retirement plan. This will include creating an IPS, selection of the most appropriate mutual fund list, conducting employee education/enrollment meetings, and an ongoing monitoring of the mutual funds. For these services the firm is compensated based on the fee schedule listed below.

Plan Size	Annual Fee
First \$1,000,000	0.50%
Next \$2,000,000	0.40%
Next \$3,000,000	0.30%
Next \$4,000,000	0.20%
Next \$5,000,000	0.10%

Compensation is made by payment of an annual asset-based fee payable quarterly in advance of each fiscal year quarter. The Plan Sponsor will have the opportunity in paying all Advisory Fees directly to the Company or authorizing the plan's administrator to charge and debit the Advisory Fees from each individual participant accounts.

Grayeli's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party administrators, custodial fees, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to Grayeli's fee, and Grayeli shall not receive any portion of these commissions, fees, and costs.

Item 5 – Performance-Based Fees

Grayeli does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Item 6 – Types of Clients

Grayeli provides investment management and advisory services to individuals, high net worth individuals, with minimum initial asset requirement of \$100,000 per household. Under special conditions the firm will have the right to lower this minimum requirement.

In addition Grayeli provides consulting services to Defined Contribution and profit-sharing plans trustees by providing unbiased and professional advice in selecting appropriate investment vehicles for their business retirement plan as well as providing employee education semiannual or quarterly employee education meeting.

Item 7 – Methods of Analysis, Investment Strategies and Risk of Loss

Grayeli's investment philosophy is based on the concept of asset allocation. Depending on your goals, risk tolerance and account size we will a mix of traditional asset classes such as domestic and international equities and/or equity funds to bonds and/or bond funds with different maturities, credit risk and geographical exposures. In addition if appropriate other asset classes such as REITS, precious metals and managed future funds may be utilized. Investing in any investment security involves risk of loss principal in the short time frame or in a longer time frame which clients should be prepared for.

Item 8 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Grayeli or the integrity of Grayeli's management. Grayeli has no information applicable to this Item.

Item 9 – Other Financial Industry Activities and Affiliations

Grayeli is also an independent insurance agency that provides annuities, as well as life, disability and long term care insurance products. These services are made available to investment advisory services or independently to individuals who are looking for insurance products to minimize risk.

Item 10 – Code of Ethics

Grayeli has adopted a Code of Ethics for all supervised persons and investment advisors of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. Grayeli's employees and persons associated with the firm are required to follow the Code of Ethics.

Subject to satisfying this policy and applicable laws, principals and advisors with Grayeli may trade for their own accounts in securities which are recommended to and/or purchased for firm's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Grayeli will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of Grayeli's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between Grayeli and its clients.

At certain times trades in the same securities may be placed on an aggregated basis when consistent with Grayeli's obligation of best execution. In such circumstances, client accounts will share commission costs equally and receive securities at a total average price. Grayeli will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the order.

The firm will not affect any principal or agency cross securities transactions for client accounts, and cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client.

Item 11 – Brokerage Practices

Grayeli is currently using the services of Scottrade Advisor Services a division of Scottrade for all custodian and brokerage-related services. Scottrade provides a timely service and their \$7 equity commissions are very reasonable in relation to average rates in the market. The firm does not receive any Soft dollar benefits such as research, compliance support, software system or equipment from the Scottrade.

Item 12 – Review of Accounts

Grayeli monitors all accounts on a daily basis and conducts comprehensive review of all accounts on a quarterly as well as annual basis to ensure compliance with (i) firm's investment approach, and valuation levels using appropriate metrics, (ii) client investment objective, (iii) applicable laws and regulations, and (iv) annual performance vs. the clients long term financial goal benchmark as well as appropriate indexes.

Using various economic, fundamentals, or technical indicators we will look at the risk and rewards in various asset classes and may significantly increase allocations into asset classes that are expected to outperform or reduce exposure to those that are expected to underperform. The person that will conduct all account reviews will be the firm's president Mehdi Grayeli.

Item 13 – Client Referrals and Other Compensation

Grayeli does not have any client referral arrangements and/or compensate others for any referrals.

Item 14 – Custody

All investment advisory fees are directly deducted from client accounts. This power is specifically given to Grayeli by the client in writing as part of the Client Agreement Form. As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. The custodian will send the client a monthly statement showing all transactions within the account during the reporting period. It is important for clients to carefully review their custodial statements to verify the accuracy.

In addition Grayeli will provide additional detailed statements as well as quarterly billing summary via a Client Web Portal. These statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 15 – Investment Discretion

Grayeli receives discretionary authority from the client at the outset of an advisory relationship to select the identity, amount and timing of securities to be bought or sold. This discretionary authority is given to the firm by the client through signing the Client Agreement Form. During the initial structuring of each client portfolio a questionnaire is filled out to determine the client current financial situation, risk tolerance, and investment objectives to come up with an optimal investment strategy. In all cases discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, Grayeli observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, Grayeli's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made. Investment guidelines and restrictions must be provided to Grayeli in writing.

Item 16 – Voting Client Securities

As a matter of firm policy and practice, Grayeli does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Grayeli may provide advice to clients regarding the clients' voting of proxies.

Item 17 – Financial Information

Registered investment advisers that require or solicit prepayment of more than \$1,200 in fees per *client*, six months or more in advance, or the threshold amount of \$500 fees per client, six months in advance must include a balance sheet for their most recent fiscal year. Since Grayeli does *not* require such prepayment arrangements from clients a balance sheet is not provided. That said Grayeli does not have any adverse financial information to disclose. The management of Grayeli believes that they are financially sound.

Item 18 – Requirements for State-Registered Advisers

State-Registered Advisers must disclose their principal executive officers and *management persons*, and describe their formal education and business background.

MEHDI V. GRAYELI / Date of Birth: September 1965

Educational Background:

- B.S. in Business Administration from University of Baltimore (1991)
- M.B.A. with concentration in Finance from University of Maryland (2004)

Business Experience:

- Principal/Investment of Grayeli Investment Management (1998 – Present)
- Financial Advisor with Merrill Lynch (1994 – 1997)

Disciplinary Information: None

Other Business Activities:

- Independent Life & Health Insurance Agent with Grayeli Inc. (2006 – Present)
- Adjunct Part Time Faculty with University of Phoenix (2007 – 2014)