



## **CUSTOMER RELATIONSHIP SUMMARY for Retail Clients**

### **INTRODUCTION**

Alexander Investment Services (“AIS”) was founded in Louisville, Kentucky by Roy Alexander in 1965. AIS is registered with the Securities and Exchange Commission (SEC) as both a licensed broker-dealer (BD) and a Registered Investment Advisor (RIA). Our firm is one of the largest independent broker-dealer and investment advisory firms in the state of Kentucky. We are also licensed and do business in multiple other states, including all the states that border Kentucky.

Our firm is a member of the Financial Industry Regulatory Authority (FINRA), the Municipal Securities Rulemaking Board (MSRB), and the Securities Investor Protection Corporation (SIPC).

Brokerage and investment advisory services and the fees associated with these services differ. It is important for the retail investor to understand the differences in both the services and the fees.

Free and simple tools are available on-line at [www.Investor.gov/CRS](http://www.Investor.gov/CRS) to help both investors and financial professionals analyze and compare investments. This site contains educational material for investors and access to information about specific broker-dealers and investment advisors.

### **WHAT INVESTMENT SERVICES AND ADVICE CAN YOU PROVIDE ME?**

AIS offers a full menu of financial products and services including the ability to sell any mutual or exchange-traded fund (ETF), stocks, bonds, annuities and life insurance. We offer all types of retirement plans and specialize in their design, benefit analysis and administration. We also offer wealth management, education funding, and estate planning solutions. We do not trade options, futures, crypto-currencies, or leveraged ETFs; and we do not engage in any private placements, private REITs, or any other investments of a speculative nature. We concentrate on investments that are appropriate for conservative, long-term investors with our primary concentration being to assist our clients with investing for their retirement.

We are not limited to any particular financial provider’s proprietary products or investments. This enhances our independence and enables us to obtain the best investment values for our clients -- including discount brokerage trading and institutional mutual fund shares.

We do not impose any minimum investment requirements other than those imposed by some investment providers. We provide investment advice, periodic account review, and face-to-face consultation upon request to all our clients as part of our standard services. We do not perform constant monitoring of client accounts; nor do we exercise discretion over client accounts. The frequency of periodic reviews varies according to the client’s wishes but we strive to meet with each of our clients at least annually. As a result of a periodic account review, we may present a client with recommended investment changes for the client to consider. We do not make any trades without prior client approval. The exception to this would be our acceptance of limited discretion to maintain a previously agreed upon balance (allocation) between existing investments within an account at designated intervals (i.e., quarterly).

In addition to our four managing partners (who have combined investment experience of more than 130 years), we have 10 other affiliated registered representatives (brokers). Nine of these registered reps are also investment adviser representatives (advisers).

## **WHAT IS THE DIFFERENCE BETWEEN A BROKER AND AN ADVISER?**

Because we provide virtually the same standard services to all our clients, the difference at AIS boils down to differences between the products offered and how your financial professional is compensated. A broker sells investments on a commission basis. The broker earns a commission on the initial sale and, in the case of mutual funds, a small annual service fee based on the value of the account for as long as the account is open. Brokers at AIS sell mutual funds, annuities, and life insurance.

In an advisory relationship, your financial professional (“adviser”) is compensated based on the value of your account (assets under management). The advisor charges an annual “advisory fee” that is typically divided into fourths and charged against your account quarterly in advance. You don’t pay any initial sales charges and your investment choices are not limited to mutual funds and insurance products. Advisers at AIS sell ETFs, stocks, bonds, and CDs.

Many factors must be considered in order to determine whether a brokerage relationship or an advisory relationship is better for a particular client at a given point in time. The purpose of this document is to help you understand the factors you should consider and the questions you should ask to understand the pros and cons of each option as it applies to your individual situation. Your AIS financial professional may present you with a recommendation, but you will make the final decision as to which type of relationship you prefer.

## **QUESTIONS YOU SHOULD ASK ANY FINANCIAL PROFESSIONAL IN ADVANCE OF DOING BUSINESS WITH HIM OR HER:**

1. Given my financial situation, should I choose an investment advisory service, a brokerage service, or a combination of both services? Why or why not?
2. How will you choose the investments you will recommend to me?
3. What are your relevant experience, education, and other qualifications? What professional licenses or certifications do you hold, what did you do to get them, and what do they mean?

## **WHAT FEES WILL I PAY?**

Our company specializes in long-term investments with particular emphasis on saving for retirement --- Traditional IRA / Roth IRA / Simple IRA / SEP accounts / IRS qualified retirement plans --- and for these types of accounts. In a brokerage relationship, we are very fond of The American Funds family of mutual funds and we would typically be recommending and selling “A” Shares which carry an initial sales charge (often referred to as a “front-end load”) and an on-going 12b-1 fee that is charged against the net asset value (NAV) of the account at a rate of 0.25% (1/4 of 1%) annually. The initial sales charge declines as the NAV increases according to the following table:

Initial Sales Charge	Total Value of the Account
5.75 %	\$ 0 ~ 24,999
5.00 %	\$ 25,000 ~ 49,999
4.50 %	\$ 50,000 ~ 99,999
3.50 %	\$ 100,000 ~ 249,999
2.50 %	\$ 250,000 ~ 499,999
2.00 %	\$ 500,000 ~ 749,999
1.50 %	\$ 750,000 ~ 999,999
0.00 %	\$ 1,000,000 and above

Fees vary for other types of investments (529 college savings plans, fixed or variable annuities, life insurance, etc.) but we are always willing to disclose our fees for any investment we offer.

In an advisory relationship, you would pay an annual advisory fee that is based on the total value of your account. The table below indicates our typical advisory fees, but individual advisers may negotiate different fees depending on a particular client's situation and/or other services the client may request and the adviser may agree to provide. Advisory fees are more flexible than brokerage fees.

Annual Advisory Fee	Total Value of the Account
0.75 %	\$ 0 ~ 499,999
0.55 %	\$ 500,000 ~ 999,999
0.35 %	\$ 1,000,000 ~ 4,999,999
0.30 %	\$ 5,000,000 ~ 7,499,999
0.25 %	\$ 7,500,000 ~ 14,999,999
0.20 %	\$ 15,000,000 and above

Advisory clients have access to a much wider choice of investments than brokerage clients, including the option to hold individual stocks and/or ETFs for mutual funds from different investment companies. They also get real-time pricing on trades rather than end of day closing price as they get with mutual funds in a brokerage account.

For clients who wish to invest exclusively in a single mutual fund family but avoid the initial sales charges, an advisory account holding F2 Shares may offer a cost advantage over a brokerage account holding A Shares. Advisory fees for such accounts are 0.50% annually regardless of the value of the account.

On a very limited basis and subject to certain restrictions, we occasionally offer clients who wish to trade individual stocks the option of opening an independent account for an annual maintenance fee of \$125. Independent accounts are on-line trading accounts managed exclusively by the account owner. The adviser does not provide any monitoring, periodic review, or investment recommendations; and does not accept any fiduciary responsibility for the account. Independent accounts may incur transaction fees for some or all trades.

Most investment companies charge a small (\$10~\$20) annual custodial fee for IRA and SEP accounts. All mutual funds charge fees that go to the investment company that manages the fund. These are largely hidden in the fund's "expense ratio." Expense ratios can vary widely.

**WHAT ARE YOUR LEGAL OBLIGATIONS TO ME WHEN PROVIDING RECOMMENDATIONS AS MY BROKER OR WHEN ACTING AS MY INVESTMENT ADVISER? HOW ELSE DOES YOUR FIRM MAKE MONEY AND WHAT CONFLICTS OF INTEREST DO YOU HAVE?**

Our company's philosophy and the standard of conduct for our associated brokers and advisers has always been to recommend investments that we believe are in our client's best interest given the client's current circumstances and the expected time horizon of the investment. Under SEC regulations, we have a legal obligation to do this.

AIS doesn't make money in any "hidden" ways --- we fully disclose all fees and investing costs. Upon request, some of our brokers or advisers may offer financial counseling, accounting, or wealth management services beyond the scope of normal investing. Such services and the fees charged for them are negotiated on an individual basis.

AIS does not participate in any sales contests or exclusive marketing programs that might encourage our brokers and advisors to recommend investments that boost their personal compensation at clients' expense. We're always happy to help clients fully understand all the costs associated with the investments we recommend or that clients ask about.

AIS strives to eliminate any conflicts of interest between our associated brokers/advisers and our clients' interests, but certain conflicts are inherent in our industry. Since our brokers and advisors earn compensation based (at least partially) on the total assets under management, they are obviously incented to encourage clients to place all of their holdings with our firm. At the same time, having assets disbursed among multiple brokers or advisors may impair the ability of any of those brokers or advisors to "see the full picture" of a client's total assets. Since 12b-1 fees earned by brokers are typically lower than the advisory fees charged by advisors, a broker who is also an adviser may be incented to recommend an advisory relationship over a brokerage relationship. You should ask about these potential conflicts.

There are no guarantees with any investment in the stock market. You could lose money. You may have to pay some fees whether you make or lose money on your investments. Fees and costs will reduce the amount of money you make on your investments over time. Please make sure you understand all the fees and costs you are paying.

### **DO YOU OR YOUR FINANCIAL PROFESSIONALS HAVE ANY LEGAL OR DISCIPLINARY HISTORY?**

No. AIS as a company and 100% of our associated brokers/advisers have clean histories in the securities industry. Our track record can be verified at [www.BrokerCheck.com](http://www.BrokerCheck.com) or by visiting [www.Investor.gov/CRS](http://www.Investor.gov/CRS) to access a free and easy to use search tool.

### **ADDITIONAL QUESTIONS YOU SHOULD ASK ANY FINANCIAL PROFESSIONAL IN ADVANCE OF DOING BUSINESS WITH HIM OR HER:**

4. Help me understand how fees and costs might affect my investments. If I were to give you \$10,000 to invest, how much would go to fees and costs, and how much would be invested for me?
5. What conflicts of interest do you have? How might your conflicts of interest affect me, and how will you address them?
6. As a financial professional, do you have any disciplinary history? For what type of conduct?
7. Who will be my primary contact person? Is he or she a registered broker or investment adviser? Who should I talk to if I have concerns about how this person is treating me?

### **WHERE CAN I FIND ADDITIONAL INFORMATION ABOUT YOUR FIRM?**

Our website is [www.AISretirement.com](http://www.AISretirement.com). You may contact us in person, by telephone, by mail, or by email at either of our two offices ---

Alexander Investment Services  
909 Lily Creek Rd, Suite 101  
Louisville, KY 40243-2808

Phone: (502) 459-4414  
Email: [Louisville@aisweb.com](mailto:Louisville@aisweb.com)

Alexander Investment Services  
110 N. First Street, Suite 208  
P O Box 1728  
Harlan, KY 40831-5728  
Phone: (606) 573-1374  
Email: [Harlan@aisweb.com](mailto:Harlan@aisweb.com)