

## ADV PART 2 A BROCHURE

Ades Investment Counsel, Inc.

This brochure provides information about Ades Investment Counsel, Inc.'s qualifications and business practices. If you have any questions about the contents of this brochure, please contact us at (310) 571-1224 or by email at [aicwealth@gmail.com](mailto:aicwealth@gmail.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any State Securities Authority.

Additional information about Ades Investment Counsel, Inc. is also available at the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) (select "investment adviser firm" and type in our firm name). Results will provide you both Part 1 and 2 of our Form ADV.

We are a Registered Investment Advisor Firm. Our registration does not imply any level of skill or training. The oral and written communications we provide to you, including this brochure, are for you to evaluate us. Please use this information as factors in your decision to hire us or to continue our business relationship.

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### ITEM 1 – COVER PAGE ADV PART 2 A

FEBRUARY 10, 2020

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## **ITEM 2 – MATERIAL CHANGES**

This brochure, dated February 10, 2020, has been prepared by Ades Investment Counsel, Inc. to meet state requirements. This section of the brochure will address only those “material changes” that have been incorporated since our last annual update on February 25, 2019.

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## ITEM 4 – ADVISORY BUSINESS

### Firm Description

Ades Investment Counsel, Inc. (“AIC,” “we,” “our,” or “us”) is a privately owned corporation headquartered in Los Angeles, California. AIC is registered as an investment adviser with the State of California.

Robert I. Ades founded AIC in 2005. AIC is the investment advisory affiliate of Robert Ades Accountancy Corporation, an accountancy firm Mr. Ades formed in 1988. Robert Ades Accountancy Corporation provides tax, accounting, bookkeeping, consulting, and tax planning services to individual and small business clients, predominantly in the entertainment industry. Mr. Ades, Founder and President, remains AIC’s sole shareholder.

### Types of Advisory Services

#### Investment Management Services

AIC seeks to provide objective, informed investment advice to clients utilizing low-cost passive investment strategies. AIC offers investment advisory services consisting of continuous and personal investment advice. The basic objective of AIC’s services is to (1) obtain capital growth and/or income and (2) preserve capital for clients.

Through discussions with clients about their goals and risk tolerance, AIC develops a personal investment strategy based on the client’s particular circumstances and creates and monitors a portfolio based on that strategy. AIC supervises and directs the investments of the client’s account in accordance with the investment objectives of the client.

Investments AIC uses typically consist of passively managed, index-type mutual funds. In certain cases, we may use actively managed funds to complement a client’s asset allocation strategy as necessary. We do not typically invest in individual securities for clients, but may trade in or hold these securities in a client’s account if they are appropriate to address the individual needs, goals, and objectives of the client or upon client request. AIC may offer investment advice on any investment held by the client at the start of the advisory relationship. We describe the material investment risks for the primary securities that we recommend under the heading **Specific Security Risks** in **Item 8** below.

We discuss our discretionary authority below under **Item 16 - Investment Discretion**. For more information about the restrictions clients can put on their accounts, see **Tailored Services and Client Imposed Restrictions** in this item below. We describe the fees charged for investment management services below under **Item 5 - Fees and Compensation**.

#### Limitations on Investments

In designing portfolios for clients, AIC uses mutual funds offered by Dimensional Fund Advisors (“DFA”) and by other firms. DFA offers professionally managed mutual funds at relatively low expense ratios. DFA funds are not available directly to individual investors, but are limited to a select group of independent financial advisors approved by DFA. AIC is approved to offer DFA’s funds, but is not affiliated with DFA. DFA funds may not be available through all brokerage and custodial firms; therefore, we typically recommend a single national custodian to hold client assets and place trades for client accounts. For more information on this policy, see **Item 12 – Brokerage Practices**.

In some circumstances, AIC’s advice may be limited to certain types of securities available to the client’s account. For example, when AIC is providing advice on assets within a retirement plan such as 401(k), 403(b), or other employer plan, AIC is limited to those investment providers and investment options chosen by the plan administrator. Similarly, when we provide services to participants in an employer-sponsored plan, the participant may be limited to investing in securities included in the plan’s investment options. Therefore, AIC can only make recommendations to the client from among the available options, and will not recommend or invest the client’s account in other securities, even if there may be better options elsewhere.

#### Consulting Services

AIC also offers financial consulting services to clients. Our consulting services are typically provided as:

1. Investment advice for individuals who are participants in self-directed, employer-sponsored retirement plans (for example, IRC section 401(k), 403(b) and 457 plans) who cannot otherwise invest those assets directly with AIC;

2. Investment advice for individuals who do not meet the minimum requirement for the investment management service; or
3. Other consulting arrangements as requested by the client.

We describe the fees charged for consulting services below under **Item 5 - Fees and Compensation**.

#### Financial Planning Services

Financial planning services involve the preparation of a written financial plan based on the client's financial goals and objectives. This planning may encompass one or more areas of need, including, but not limited to investment planning, retirement planning, income tax planning, personal savings, educational savings and other areas of a client's financial situation.

A financial plan developed for the client will usually include general recommendations for a course of activity or specific actions to be taken by the client. For example, recommendations may be made that the client start or revise their investment programs, commence or alter retirement savings, establish educational savings and/or charitable giving programs. AIC may also refer clients to an insurance agent, an attorney or other specialist, as appropriate for their unique situation.

Once financial planning advice is given, the client may choose to have us implement their financial plan and manage the investment portfolio on an ongoing basis. However, the client is under no obligation to act upon any of the recommendations made by us under the financial planning engagement and/or to engage the services of any recommended professional.

Financial planning recommendations may pose a potential conflict between the interests of AIC and the interests of the client. For example, a recommendation to engage AIC for investment management services or to increase the level of investment assets with us would pose a conflict, as it would increase the advisory fees paid to AIC. Clients are not obligated to implement any recommendations made by AIC or maintain an ongoing relationship with the firm. If the client elects to act on any of the recommendations made by AIC, the client is under no obligation to effect the transaction through us.

We describe the fees charged for financial planning services below under **Item 5 - Fees and Compensation**.

#### Client Tailored Relationships and Restrictions

AIC manages client accounts based on the investment strategy agreed to with the client, as discussed below under **Item 8 - Methods of Analysis, Investment Strategies, and Risk of Loss**. AIC applies the strategy for each client, based on the client's individual circumstances and financial situation. We make investment decisions for clients based on information the client supplies about their financial situation, goals, and risk tolerance. Our recommendations may not be suitable if the client does not provide us with accurate and complete information. It is the client's responsibility to keep AIC informed of any changes to their investment objectives or restrictions.

Because mutual funds in the account invest in a broad range of securities across a specific asset class, clients cannot direct us to avoid specific securities; however, if clients have assets in their portfolio that they wish to hold, AIC will maintain those assets in the account along with the securities invested according to the portfolio's allocation. We may also monitor or provide advice on these holdings. AIC reserves the right to not accept and/or terminate management of a client's account if we feel that the client-imposed restrictions would limit or prevent us from meeting or maintaining the client's investment strategy.

As a fiduciary, Ades Investment Counsel, Inc. always acts solely in our client's best interests. Your portfolio is customized based on your investment objectives. Client's may make requests or make suggestions regarding the investments made in your portfolio. Restrictions on trading which, in our opinion, are not in our client's best interest cannot be honored and if forced may result in the termination of our agreement.

Similarly, clients are under no obligation to act upon Ades Investment Counsel, Inc.'s or associated person's recommendations. If a client elects to act on any of the recommendations, the client is under no obligation to effect the transaction through Ades Investment Counsel, Inc. or its associated person when the person is an agent with a licensed broker-dealer or through any associate or affiliate of such person.

## Wrap Fee Program

Ades Investment Counsel, Inc. does not sponsor nor provide portfolio management services to a wrap fee program.

## Assets Under Management (AUM)

Ades Investment Counsel, Inc., as of December 31, 2019, has \$41,716,052 in discretionary reportable Assets Under Management and \$356,142 in non-discretionary Assets Under Management.

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## ITEM 5 – FEES AND COMPENSATION

### Fee Schedules

#### Investment Management Fees

AIC charges advisory fees for investment management services based on a percentage of the client's total assets under management, per the following standard schedule:

<u>Assets Under Management</u>	<u>Annual Fee (%)</u>
First \$500,000	1.00%
Next \$500,000	0.85%
Next \$2 million	0.65%
Next \$2 million	0.45%
Above \$5 million	0.40%

AIC will aggregate related client accounts for purposes of calculating the advisory fee rate applicable to the client. Under certain circumstances, we may negotiate lower or higher fees with clients. Lower fees for comparable services may be available from other sources.

Accounts are subject to a minimum annual fee of \$5,000. However, we may make exceptions at our discretion.

Compensation for our services will be calculated in accordance with the client's agreement.

AIC's advisory fees are payable quarterly in advance at the beginning of each calendar quarter. We charge one fourth of the annual fee each quarter based on the market value of the client's portfolio as of the last day of the prior calendar quarter. If a client maintains a margin balance in an account, advisory fees will be assessed on the gross account value before subtracting the margin balance. For new client accounts, the first payment is a pro-rata calculation which takes into consideration the number of days remaining in the quarter and the initial value of the portfolio. The first quarterly fee for new accounts is typically billed with the next quarter's fee calculation.

We generally make pro-rated adjustments to the fee for each deposit or withdrawal in an account equal to or greater than \$50,000 per day. The client's next quarterly fee calculation will reflect any such adjustments for the prior quarter.

With client authorization, AIC will instruct the custodian to automatically withdraw our advisory fee from the client's account. All clients will receive brokerage statements from the custodian no less frequently than quarterly. The custodian statement will show the deduction of the advisory fee.

AIC will send an invoice to each client who authorizes us to withdrawal fees directly from the custodian. The statement will show the amount of the fee, the value of the client's assets upon which the fee is based, and the specific manner in which the fee is calculated. It is the client's responsibility to verify the accuracy of the fee calculation. The custodian will not determine whether the fee is properly calculated.

If there is insufficient cash in the client's account to pay the fees, an equal balance of securities in the client's portfolio may be sold to create the cash necessary to pay the fee.

In certain limited circumstances, AIC may invoice clients directly for fees. When clients are billed directly, payment is due upon receipt of AIC's invoice.

## Consulting Services

AIC offers consulting services on an hourly or flat-fee basis. Fees for consultation services are typically charged at a rate of \$300 per hour, which may be negotiable depending on the nature and complexity of each client's circumstances. In these instances, we will provide an estimate of the total hours required at the start of the consulting project. If there is a change to the original estimate, AIC will contact the client to obtain approval prior to continuing our service.

Alternatively, AIC may offer investment consultation services for a flat fee. Flat fees will range from \$300 to \$5,000, depending on the size and complexity of the project. Flat fees are typically limited to short duration projects, for example, the development and recommendation of an asset allocation strategy for a client.

At our discretion, AIC may charge fifty percent (50%) of the total estimated fixed and hourly fees in advance. The remainder of the fee is due upon completion of the consulting services or project.

Comparable services may be available elsewhere for lower fees. Under certain circumstances, AIC may negotiate consultation fees that are lower or higher than those listed above.

## Financial Planning Fees

AIC financial planning fees are individually negotiated at the time of the engagement for such services, and are normally based on a fixed fee amount. Such fees typically range from \$1,500 to \$3,500 for the initial plan and lower amounts for updates to the plan.

At our discretion, AIC may charge fifty percent (50%) of the total estimated fixed and hourly fees in advance. The remainder of the fee is due upon completion of the consulting services or project.

Our fees may be more or less based on the scope and complexity of the agreed upon services. We may also offset some of our fee against investment management fees.

## Disclosure Under Rule 260.238(j)

For California Residents: Subsection (j) of Rule 260.238, California Code of Regulations requires that all investment Advisors disclose to their clients that lower fees for comparable services may be available from other sources. Pursuant to California Rule 260.235.2, if a conflict exists between the interests of the Advisor or its associated persons and the interest of the client; the client is under no obligation to act upon this Advisor's or associated person's recommendations. If the client elects to act on any of the recommendations, the client is under no obligation to effect the transaction through the advisor or its associated person when the person is an agent with a licensed broker-dealer or through any associate or affiliate of such person.

## Third Party Fees

AIC's fees do not include custodian fees. Clients pay all brokerage commissions, stock transfer fees, and/or other similar charges incurred in connection with transactions in accounts, from the assets in the account. These charges are in addition to the fees client pays to AIC. See **Item 12 - Brokerage Practices** below for more information.

In addition, any mutual fund shares held in a client's account may be subject to deferred sales charges, 12b-1 fees, early redemption fees, and other fund-related expenses. The fund's prospectus fully describes the fees and expenses. All fees paid to AIC for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds. Mutual funds pay advisory fees to their managers, which are indirectly charged to all holders of the mutual fund shares. Consequently, clients with mutual funds in their portfolios are effectively paying both AIC and the mutual fund manager for the management of their assets.

While we take measures to ensure the fees charged are accurate, it is your responsibility to ensure the amount of fee charged is correct. In addition to statements sent by us, you will receive statements directly from these brokers, custodians or mutual funds or other investments you hold. We strongly urge you to compare these statements for accuracy.

## Termination

Either party may terminate the advisory agreement at any time by providing written notice to the other party. Clients may terminate the agreement at any time by writing AIC at our office.

Upon notice of termination, AIC will calculate the final fees due for services provided through the date of termination. If you paid fees in advance that were more than the amount due for services, AIC will refund any unearned fees to you. We will prorate the refund based on the effective date of termination. Refunds will be made within 30 calendar days of the effective date of termination.

When an agreement is terminated, all assets may need to be transferred from the current custodian. You will be responsible for paying all fees including full quarterly custodial administrative fees, account closure fees, mutual fund fees and all trading costs due to the termination. Custodian may assess additional fees for transfer of illiquid investments. If there is insufficient cash in the account, the liquidation of some securities may be used to pay the fees. Prior to termination of an agreement, we can provide a good-faith estimate of these fees.

### **Other Investment Compensation**

Ades Investment Counsel, Inc. does not accept commission for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

AIC's fees do not include custodian fees. Clients pay all brokerage commissions, stock transfer fees, and/or other similar charges incurred in connection with transactions in accounts, from the assets in the account. These charges are in addition to the fees client pay to AIC. See **Item 12 - Brokerage Practices** below for more information.

In addition, any mutual fund shares held in a client's account may be subject to deferred sales charges, 12b-1 fees, early redemption fees, and other fund-related expenses. The fund's prospectus fully describes the fees and expenses. All fees paid to AIC for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds. Mutual funds pay advisory fees to their managers, which are indirectly charged to all holders of the mutual fund shares. Consequently, clients with mutual funds in their portfolios are effectively paying both AIC and the mutual fund manager for the management of their assets.

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## **ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Ades Investment Counsel, Inc. does not charge advisory fees on the performance of funds or securities in your account.

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## **ITEM 7 – TYPES OF CLIENTS**

Ades Investment Counsel, Inc. generally provides asset management services to the following types of clients:

- Individuals
- High-Net-Worth Individuals
- Individual Participants of Retirement Plans
- Trusts
- Pension and Profit Sharing Plans
- Business Entities

### **Minimum Account Size**

AIC generally requires a minimum account size of \$1,000,000 to establish an investment management relationship. We may combine family accounts to meet the account size minimum. AIC may waive this requirement for pension and profit sharing plans for clients of Robert Ades Accountancy Corporation, and in cases where AIC deems appropriate. When the \$1,000,000 account minimum is waived, AIC typically requires that all of the client's investable assets be with AIC, though it may make exceptions in certain cases.



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## ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

### Analysis

Ades Investment Counsel, Inc. uses multiple sources of information to obtain analysis and strategies. They include sources such as financial newspapers, financial magazines, research prepared by others, prospectuses, annual reports and filings with the SEC.

### Investment Strategies

AIC works with each client to develop a personal investment strategy and appropriate asset allocation based on the client's individual circumstances. AIC meets with the client to discuss their specific financial situation, gathering information about the client's risk tolerance and investment needs. Using the investment principles of Modern Portfolio Theory, which has a basic concept of using diversification in an effort to help optimize the risk and potential return of a portfolio, we design an asset allocation portfolio consistent with the client's objectives. AIC uses a multi-factor and mean-variance analysis, among other methods, when analyzing mutual funds to set the parameters of the asset classes for the client's allocation.

Ultimately, each strategy must maximize return within reasonable and prudent levels of risk. Also, the approach taken must provide exposure to a wide range of investment opportunities in various markets while limiting risk exposure through prudent diversification. Finally, the costs of administering and managing the investments related to the strategy cannot be excessive.

### Portfolio Design and Management

We design portfolios using a passive management approach, typically using index-type mutual funds and exchanged traded funds (ETFs). We typically utilize Dimensional Fund Advisors ("DFA") and other mutual fund providers. DFA funds offer asset class strategies including U.S. and non- U.S. equities, fixed income, global markets, and real estate through real estate investment trusts (REITS).

AIC's strategy consists of purchasing, holding, and rebalancing a diversified portfolio of securities. AIC typically intends to hold these investments for the long term except when sales are necessary to rebalance the portfolio or to fund replacement acquisitions.

AIC receives research materials provided by DFA when determining investment recommendations for client accounts. In analyzing mutual funds, AIC uses various sources of information including data provided by Morningstar, CFA Institute, or DFA. We are also informed through additional information sources including investment advisory newsletters; economic and financial books, journals and magazines; retail business publications and specialized professional computer software; seminars and the world wide web in shaping our investment approach and selecting investments for clients.

### Risk of Loss

Investing in securities always involves the risk that you will lose money. Before investing in the securities markets, clients should be prepared to bear that risk. Over time, a client's account value will fluctuate. At any time, your assets may be worth more or less than the amount you invested. AIC makes no guarantees or promises that our market analysis will be accurate or the investment strategies we use will be successful.

### Specific Security Risks

#### General Risks of Owning Securities

The prices of securities held in client accounts and the income they generate may decline in response to certain events taking place around the world. These include events directly involving the issuers of securities held as underlying assets of mutual funds in a client's account, conditions affecting the general economy, and overall market changes. Other contributing factors include local, regional, or global political, social, or economic instability and governmental or governmental agency responses to economic conditions. Finally, currency, interest rate, and commodity price fluctuations may also affect security prices and income.

## Mutual Funds (Open-end Investment Company)

A mutual fund is a company that pools money from many investors and invests the money in stocks, bonds, short-term money-market instruments, other securities or assets, or some combination of these investments. The portfolio of the fund consists of the combined holdings it owns. Each share represents an investor's proportionate ownership of the fund's holdings and the income those holdings generate. The price that investors pay for mutual fund shares is the fund's per share net asset value (NAV) plus any shareholder fees that the fund imposes at the time of purchase (such as sales loads).

Mutual funds have benefits such as professional management, diversification, affordability, and liquidity. However, they also have features that some investors might view as disadvantages:

- *Costs Despite Negative Returns*  
Investors must pay brokerage costs, annual fees, and other expenses regardless of how the fund performs. Depending on the timing of their investment, investors may also have to pay taxes on any capital gains distribution they receive. This includes instances where the fund went on to perform poorly after purchasing shares.
- *Lack of Control*  
Investors typically cannot ascertain the exact make-up of a fund's portfolio at any given time, nor can they directly influence which securities the fund manager buys and sells or the timing of those trades.
- *Price Uncertainty*  
With an individual stock, investors can obtain real-time (or close to real-time) pricing information with relative ease by checking financial websites or by calling a broker or your investment adviser. Investors can also monitor how a stock's price changes from hour to hour—or even second to second. By contrast, with a mutual fund, the price at which an investor purchases or redeems shares will typically depend on the fund's net asset value ("NAV"), which the fund might not calculate until many hours after the investor placed the order. In general, mutual funds must calculate their NAV at least once every business day, typically after the major U.S. exchanges close.

## Different Types of Funds

When it comes to investing in mutual funds, investors have literally thousands of choices. Most mutual funds fall into one of three main categories; money market funds, bond funds (fixed income funds), and stock funds (equity funds). Each type has different features and different risks and rewards. Generally, the higher the potential return, the higher the risk of loss.

### Money Market Funds

Money market funds have relatively low risks, compared to other mutual funds (and most other investments). By law, they can invest in only certain high quality, short-term investments issued by the U.S. Government, U.S. corporations, and state and local governments. Money market funds try to keep their net asset value (NAV), which represents the value of one share in a fund, at a stable \$1.00 per share. However, the NAV may fall below \$1.00 if the fund's investments perform poorly. Investor losses have been rare, but they are possible. Money market funds pay dividends that generally reflect short-term interest rates, and historically the returns for money market funds have been lower than for either bond or stock funds. That is why "inflation risk," the risk that inflation will outpace and erode investment returns over time, can be a potential concern for investors in money market funds.

### Bond Funds

Bond funds generally have higher risks than money market funds, largely because they typically pursue strategies aimed at producing higher yields. Unlike money market funds, the SEC's rules do not restrict bond funds to high quality or short-term investments. Because there are many different types of bonds, bond funds can vary dramatically in their risks and rewards.

Some of the risks associated with bond funds include:

- *Credit Risk*  
There is a possibility that companies or other issuers may fail to pay their debts (including the debt owed to holders of their bonds). Consequently, this affects mutual funds that hold these bonds. Credit risk is less of a factor for bond funds that invest in insured bonds or U.S. Treasury Bonds. By contrast, those that invest in the bonds of companies with poor credit ratings generally will be subject to higher risk.
- *Interest Rate Risk*  
There is a risk that the market value of the bonds will go down when interest rates go up. Because of this, investors can lose money in any bond fund, including those that invest only in insured bonds or U.S. Treasury Bonds. Funds that invest in longer-term bonds tend to have higher interest rate risk.
- *Prepayment Risk*  
Issuers may choose to pay off debt earlier than the stated maturity date on a bond. For example, if interest rates fall, a bond issuer may decide to “retire” its debt and issue new bonds that pay a lower rate. When this happens, the fund may not be able to reinvest the proceeds in an investment with as high a return or yield.

#### *Stock Funds*

Although a stock fund’s value can rise and fall quickly (and dramatically) over the short term, historically stocks have performed better over the long term than other types of investments. This is true for corporate bonds, government bonds, and treasury securities. Overall “market risk” poses the greatest potential danger for investors in stocks funds. Stock prices can fluctuate for a broad range of reasons—such as the overall strength of the economy or demand for particular products or services. Not all stock funds are the same.

For example:

- *Growth Funds*  
Growth funds focus on stocks that may or may not pay a regular dividend but have the potential for large capital gains. These funds favor companies expected to grow earnings, which could result in stock prices rising faster than the economy, and may be smaller and less seasoned companies. The smaller and less seasoned companies that may be in a growth fund have a greater risk of price volatility. Growth stocks, which can be priced on future expectations rather than current results, may decline substantially when expectations are not met or general market conditions weaken.
- *Equity Income Funds*  
Equity income funds stress current income over growth, and may invest in stocks that pay regular dividends. These funds are subject to dividend payout risk, which is the possibility that a number of the companies in which the fund invests will reduce or eliminate the dividend on the securities held by the fund.
- *Small Cap Funds*  
Funds that invest in stocks of small companies involve additional risks. Smaller companies typically have higher risk of failure, and are not as established as larger blue-chip companies are. Historically, smaller-company stocks have experienced a greater degree of market volatility than the overall market average.
- *Mid Cap Funds*  
Funds that invest in companies with mid-range market capitalizations involve additional risks. The securities of these companies may be more volatile and less liquid than the securities of larger companies.
- *International Funds*  
International investments are subject to additional risks, including currency fluctuation, political instability, and potential illiquid markets.

- *Emerging Market Funds*  
Funds that invest in foreign securities of smaller, less-developed countries involve special additional risks. These risks include, but are not limited to currency risk, political risk and risk associated with varying accounting standards. Investing in emerging markets may accentuate these risks.
- *Sector Funds*  
Sector funds may specialize in a particular industry segment, such as technology or consumer products stocks. Funds that invest exclusively in one sector or industry involve additional risks. The lack of industry diversification subjects the investor to increased industry-specific risk.
- *REIT Funds*  
REIT Funds include REITs within the underlying fund holdings. REITs primarily invest in real estate or real estate-related loans. Equity REITs own real estate properties, while mortgage REITs hold construction, development, and/or long-term mortgage loans. REIT investments include illiquidity and interest rate risk.
- *Alternative Investment Funds*  
Alternative investments fall outside the three traditional asset types (stocks, bonds, and cash). Alternative investments include asset classes such as real estate, commodities, and derivatives contracts. Alternative investments funds are favored mainly because their returns have a low correlation with those of standard asset classes. Each fund is subject to specific risks, depending on the nature of the fund. These types of investments may have additional or enhanced risks.
- *Tax Consequences of Mutual Funds*  
When investors buy and hold an individual stock or bond, the investor must pay income tax each year on the dividends or interest the investor receives. However, the investor will not have to pay any capital gains tax until the investor actually sells and makes a profit. Mutual funds are different. When an investor buys and holds mutual fund shares, the investor will owe income tax on any ordinary dividends in the year the investor receives or reinvests them. Moreover, in addition to owing taxes on any personal capital gains when the investor sells shares, the investor may have to pay taxes each year on the fund's capital gains. That is because the law requires mutual funds to distribute capital gains to shareholders if they sell securities for a profit that cannot be offset by a loss.

#### Exchange-Traded Funds (ETFs)

An ETF is a type of Investment Company (usually, an open-end fund or unit investment trust) containing a basket of stocks. Typically, the objective of an ETF is to achieve returns similar to a particular market index, including sector indexes. An ETF is similar to an index fund in that it will primarily invest in securities of companies that are included in a selected market. Unlike traditional mutual funds, which can only be redeemed at the end of a trading day, ETFs trade throughout the day on an exchange. Like stock mutual funds, the prices of the underlying securities and the overall market may affect ETF prices. Similarly, factors affecting a particular industry segment may affect ETF prices that track that particular sector.

#### Cash and Cash Equivalents

Cash and cash equivalents are the most liquid of investments. Cash and cash equivalents are considered very low-risk investments meaning, there is little risk of losing the principal investment. Typically, low risk also means low return and the interest an investor can earn on this type of investment is low relative to other types of investing vehicles.

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## ITEM 9 – DISCIPLINARY INFORMATION

### Civil or Criminal Actions

Ades Investment Counsel, Inc. and its managers have never been found guilty, convicted or plead no contest to a criminal or civil action in a domestic, foreign or military court.

### **Administrative Enforcement Proceedings**

Ades Investment Counsel, Inc. and its managers have never been found by the SEC, any other state or federal agency or any foreign regulatory agency to have caused loss of the ability of an investment-related business to do business or been sanctioned, barred or limited in investment-related activities.

### **Self-Regulatory Organization Enforcement Proceedings**

Ades Investment Counsel, Inc. and its managers have never been found by a self-regulatory agency to have caused loss of the ability of an investment-related business to do business. Additionally, Ades Investment Counsel, Inc. and its managers have never been found in violation of self-regulatory agencies rules such that they were barred, suspended, limited in advisory functions or fined.

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## **ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### **Broker Dealers and Registered Representatives**

Ades Investment Counsel, Inc. is not registered as a broker-dealer and our employees are not registered representatives of any broker-dealer.

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

Neither Ades Investment Counsel, Inc. nor our employees hold any of the above registrations.

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

AIC is affiliated with Robert Ades Accountancy Corporation, a firm licensed by the California Board of Accountancy. Robert Ades Accountancy Corporation provides tax, accounting, bookkeeping, consulting, and planning services to individual and small business clients predominantly in the entertainment industry. Robert Ades, sole shareholder of AIC, is also the sole shareholder of Robert Ades Accountancy Corporation. AIC, however, is not an accounting firm, does not hold our firm out as an accounting firm and is not a licensee of the California Board of Accountancy. AIC and Robert Ades Accountancy Corporation share the same principal place of business. Currently, most clients of AIC are also clients of Robert Ades Accountancy Corporation. Robert Ades spends approximately 50% of his time on the business of AIC and 50% on the business of Robert Ades Accountancy Corporation.

There may be times when Robert Ades Accountancy Corporation refers clients in need of investment advisory services to AIC. There may also be times when AIC refers clients in need of accounting, income tax and other business advisory services to Robert Ades Accountancy Corporation. Most of our clients are clients of both firms. We do not directly give or receive fees for these referrals. However, Robert Ades, as the sole shareholder both firms, receives an indirect benefit from client referrals between the firms. Professional services and fees of Robert Ades Accountancy Corporation are entirely separate and distinct from AIC's investment advisory services and fees. Robert Ades Accountancy Corporation is not an investment adviser, but is an accounting firm licensed to practice in California.

### **10d: Selection of Other Advisors and How this Advisor is Compensated for those Selections**

Ades Investment Counsel, Inc. does not select other advisors.

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## **ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **Code of Ethics Description**

Ades Investment Counsel, Inc. has adopted a Code of Ethics that governs a number of potential conflicts of interest we have when providing our advisory services to you. This Code of Ethics is designed to ensure we meet our fiduciary obligation to you and to stress the importance of a culture of compliance within our firm.

Ades Investment Counsel, Inc.'s Code of Ethics is comprehensive, is distributed to each employee at the time of hire, and annually thereafter (if there are changes). A complete copy of our Code of Ethics will be supplied to you, free of charge, if you request it.

AIC believes that we owe clients the highest level of trust and fair dealing. As a registered investment adviser, AIC is a fiduciary to clients. As a fiduciary, our duties to clients include:

1. Providing advice that is suitable;
2. Providing full disclosure of material facts and potential conflicts of interest (so that clients have complete and honest disclosure in order to make an informed decision about our services and investment recommendations);
3. Conducting ourselves with the utmost and exclusive loyalty and good faith;
4. Seeking best execution of transactions under the available circumstances;
5. Taking reasonable care to avoid ever misleading clients; and
6. Acting in the best interests of clients.

It is our policy to protect the interests of each of our clients and to place the clients' interests first in every situation. We will abide by fair, equitable, and ethical business practices.

#### Personal Trading Practices

AIC and our personnel may purchase or sell securities for ourselves that we also recommend to clients. This presents a potential conflict of interest as we may have an incentive to favor our personal trades over client transactions or use the information about the transactions we intend to make for clients to our personal benefit. Our policies to address these conflicts include the following:

1. As a fiduciary to our clients, we always seek to put our clients' interests first. Clients receive the opportunity to act on investment recommendations prior to and in preference to accounts of AIC and our personnel.
2. AIC prohibits trading in a manner that takes personal advantage of our knowledge of client transactions or price movements caused by client transactions.
3. At times, we might wish to trade in the same security that we plan to trade for a client.

For mutual funds, if we traded on the same day as clients, we would receive the same price, since mutual funds are issued and redeemed once daily at the fund's net asset value ("NAV").

For ETFs or other securities where the prices fluctuate during the day, we will generally place our own transactions after we place client trades. Since prices fluctuate, this does not guarantee that clients will get better prices than our personnel.

AIC maintains required personal securities transaction records.

#### **Participation or Interest in Client Transactions**

Ades Investment Counsel, Inc., or its employees, may buy and sell some of the same securities for our own accounts that we buy and sell for our clients. We will always buy or sell from our clients' accounts before we buy or sell from our accounts. In some cases Ades Investment Counsel, Inc., or its employees, may buy or sell securities for our own accounts and not for clients' accounts, as it may not meet the objectives or plans for the client.

Ades Investment Counsel, Inc. will always maintain full disclosure with our clients so that you can make informed decisions. We will always evaluate our activity from the view of our clients to ensure that any and all required disclosures are made. For example, we will disclose anything that would cause you to be unfairly influenced to make any decision regarding actions or inactions in your account.

For California Residents: Ades Investment Counsel, Inc. adheres to the California Code of Regulations, Title 10 Section 260.238 (k), (1), (2) and (o) which prohibits investment advisers from:

(k) Failing to disclose to a client in writing before entering into or renewing an advisory agreement with that client any material conflict of interest relating to the adviser, its representatives or any requires that of its employees, which could be reasonably expected to impair the rendering of unbiased and objective advice including:

(1) Compensation arrangements connected with advisory services to clients which are in addition to compensation from such clients for such services; and

(2) Charging a client an advisory fee for rendering advice without disclosing that a commission for executing securities transactions pursuant to such advice will be received by the adviser, its representatives or its employees, or that such advisory fee is being reduced by the amount of the commission earned by the adviser, its representatives or employees for the sale of securities to the client.

(o) Making any untrue statement of a material fact or omitting a statement of material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading in the solicitation of advisory clients.

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## ITEM 12 – BROKERAGE PRACTICES

### Selecting Brokerage Firms

Clients open one or more accounts in their own name at an independent qualified custodian (generally a broker-dealer, bank, trust company, or other financial institution). AIC generally recommends that clients maintain their assets with and place transactions through the broker-dealer custodian TD Ameritrade Institutional, a division of TD Ameritrade, Inc. Member FINRA/SIPC (“TD Ameritrade”). TD Ameritrade offers to independent investment Advisors such as AIC services which include custody of securities, trade execution, clearance and settlement of transactions. AIC receives some benefits from TD Ameritrade through its participation in the program. (Please see the disclosure under Item 14 below.) The client will enter into a separate agreement with TD Ameritrade to custody the assets. AIC is independently owned and operated and is not affiliated with TD Ameritrade or any other broker dealer.

By recommending that clients use a broker-dealer or custodian, AIC believes that we are able to more effectively manage the client’s portfolio, achieve favorable execution of client transactions, and overall lower the costs to the portfolio. A client is not under any obligation to custody their assets with any custodian we recommend. All clients are free to select any custodian of his or her choice; however, in choosing a custodian, clients should consider that AIC trades primarily in mutual funds offered by DFA, and DFA funds may not be available to AIC through all custodians.

#### Factors Considered in Selecting Broker-Dealers for Client Transactions

AIC considers several factors in recommending broker-dealers to clients, including mutual fund marketplaces, their reputation, the competitiveness of their pricing, and the additional services they may provide to AIC. We may be provided with access to institutional trading and custody services, which are typically not available to retail investors. Broker-dealer services include brokerage, custody, research 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. Broker-dealers do not charge clients separately for custody but are compensated by account holders through commissions or other transaction-related fees or securities trades that are executed through or that settle into accounts held with them.

AIC is responsible for negotiation of commission rates. The commission rate may depend upon the number of accounts under AIC’s management that use any given broker-dealer. Commission rates at other brokerage firms may be lower than any current selection, based on market changes.

#### Benefits We Receive

TD Ameritrade makes available to us other products and services that may benefit AIC but may not directly benefit our clients’ accounts. Those types of services will help us in managing and administering client accounts. As referenced above, those services include software and other technologies that provide access to client account data (such as trade

confirmations and account statements); facilitate trade executions; provide research, pricing information, and other market data; facilitate the payment of our fees from clients' accounts; and assist with back-office functions, record keeping, and client reporting. We use many of these services to service client accounts. -There is no additional charge to AIC for these services.

In addition, AIC may have access to or receive other data services, including file download, on-line services, research, and performance monitoring software at a discounted fee or free of charge because of AIC's relationship with TD Ameritrade.

The availability of these services benefits us because we do not have to produce or purchase them. This may give us an incentive to recommend that clients maintain accounts with TD Ameritrade, based on our interest in receiving the Orion or other services that benefit our business rather than based on our clients' interest in receiving the best value in custody services and the most favorable execution of their transactions. The receipt of the Orion and other services raise potential conflicts of interest because we may have an incentive to recommend to our clients TD Ameritrade as a custodian. However, we believe that our process for selecting which broker-dealers will act as a custodian for our client accounts mitigates that potential conflict of interest and helps ensure that AIC is placing the best interests of our clients in front of all else. Further, our receipt of these services from TD Ameritrade does not in any way diminish our duty to seek best execution of trades in Client accounts.

#### Benefits We Receive from DFA

AIC primarily invests clients' portfolios in mutual funds managed by Dimensional Fund Advisors ("DFA"). DFA provides AIC with research data and returns software, some of which AIC uses in marketing our services. None of this assistance provided by DFA is dependent upon AIC investing a specified amount of clients' assets in DFA managed funds. However, DFA's funds are generally not available to small individual investors except through the services of an investment advisor. AIC receives no monetary compensation from DFA.

#### Sales Aggregation

AIC enters transactions for each client independently and does not aggregate (combine) client orders. AIC primarily uses mutual funds to manage client accounts. Mutual funds are priced once daily. As the daily price is the same for each investor, we have no opportunity to obtain better pricing through aggregating even if we place trades of the same fund for multiple clients within a single order. Additionally, the broker-dealer/custodians charge each account an individual transaction fee regardless of whether we aggregate or not. This prevents us from lowering trading costs through aggregation.

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## ITEM 13 – REVIEW OF ACCOUNTS

### Periodic Reviews

AIC seeks to meet client objectives by monitoring and rebalancing clients' investment portfolios on a regular basis. Typically, client allocations are reviewed one or more times per year, and most client accounts are rebalanced annually. Client accounts are also rebalanced with cash flows in the account. AIC has discretion in rebalancing client portfolios, and is not required to rebalance within any set interval or to a specific percentage allocation. We may choose not to rebalance a portfolio, or we may rebalance only a portion of that portfolio if, in our opinion, the allocation drift from the client's objective is not material and does not justify the trading costs associated with rebalancing. AIC's advisory representatives perform these account reviews.

### Review Triggers

More frequent reviews are triggered by a change in your investment objectives; tax considerations; large deposits or withdrawals; significant market volatility; or changes in economic climate.

### Regular Reports

Each investment management client receives a written statement from the custodian that includes an accounting of all holdings and transactions in the account for the reporting period. In addition, AIC provides written reports detailing performance in client accounts on a quarterly basis. We encourage you to compare reports for accuracy.



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## ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

### Economic Benefits Provided by Third Parties for Advice Rendered to Clients -

#### Support Products and Services

As disclosed under Item 12 above, AIC participates in TD Ameritrade's institutional customer program. Advisor may recommend TD Ameritrade to clients for custody and brokerage services. While there is no direct link between our participation in the program and the investment advice we provide to our clients, we receive economic benefits that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate clients statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Advisor by third party vendors.

The benefits received by AIC through participation in this program does not depend on the amount of brokerage transactions directed to TD Ameritrade. However, in offering these services to Advisor, TD Ameritrade considers the amount and profitability to TD Ameritrade of the assets in Advisor's Client accounts maintained at TD Ameritrade.

These products and services, how they benefit us, and the related conflicts of interest are described above (see **Item 12 – Brokerage Practices**). We do not base any particular investment advice, such as buying particular securities for our clients, on the availability of products and services to us.

### Compensation to Non-Advisory Personnel for Client Referrals

As described above under **Item 10 – Other Financial Industry Activities and Affiliations**, AIC may receive client referrals from, and refer clients to, our affiliated accounting firm, Robert Ades Accountancy Corporation. We do not directly compensate, or receive compensation from, Robert Ades Accountancy Corporation for client referrals; however, Robert Ades receives indirect compensation as the sole shareholder of both firms.

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## ITEM 15 – CUSTODY

AIC has custody of client accounts limited to the withdrawal of fees and disbursement of funds to the address of record. For the convenience of the client, we will set up quarterly fee deduction ability from the client's account, when authorized by the client. AIC does not take physical custody of client funds or securities.

AIC will not have custody of our clients' funds or securities when the clients authorize us to deduct our management fees directly from the client's account if all of the following requirements are met:

1. Clients' accounts are held by a qualified custodian (generally a broker-dealer, bank, trust company, or other financial institution).
2. Clients will receive statements directly from their qualified custodian at least quarterly. The statements will reflect the client's funds and securities held with the qualified custodian as well as any transactions that occurred in the account, including the deduction of AIC's fee.
3. Each billing period, we send clients a statement showing the value of the client's assets upon which we based the fee, the amount of the fee, and how we calculated the fee.
4. We send the amount of our fee to the custodian.

It is the client's responsibility to verify the accuracy of the fee calculation. The custodian will not determine whether the fee is properly calculated.

You must receive at least quarterly account statements from your qualified custodian. If you are not receiving at least quarterly custodial account statements, please contact us at the number on the cover page of this brochure.

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## **ITEM 16 – INVESTMENT DISCRETION**

For investment management clients, AIC will have limited discretion to decide the specific security to trade, the quantity, and the timing of transactions for client accounts. Generally, AIC will work with the client to develop a personal investment strategy for the client's account, which will outline the asset classes and the approximate dollar or percentage target amounts or ranges allocated to each asset class. AIC will select the individual mutual funds or securities that will be used in the portfolio to represent each asset class. In most cases, we will use our discretionary authority for investment of a client's portfolio in accordance with the client's personal investment strategy, rebalancing the portfolio to bring it into alignment with the personal investment strategy, or for income tax reasons, or to meet the oral request of a client. AIC will not contact clients before placing trades in their account, but clients will receive confirmations directly from the custodian for any trades placed. Clients grant us discretionary authority in the contracts they sign with us. Clients also give us trading authority within their accounts when they sign the custodian paperwork.

Certain client-imposed conditions may limit our discretionary authority, such as where the client prohibits transactions in specific security types. See also **Tailored Services and Client Imposed Restrictions** under **Item 4**, above.

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## **ITEM 17 – VOTING CLIENT SECURITIES**

AIC does not accept the authority or responsibility to vote client securities. However, clients may call us if they have questions about a particular solicitation. AIC will not be deemed have proxy voting authority solely as a result of providing advice or information about a particular proxy vote to a client. Clients will receive their proxies or other solicitations directly from their custodian or a transfer agent.

### **Class Actions**

AIC does not instruct or give advice to clients on whether or not to participate as a member of class action lawsuits and will not automatically file claims on the client's behalf. However, if a client notifies us that they wish to participate in a class action, we will provide the client with any transaction information pertaining to the client's account needed for the client to file a proof of claim in a class action.

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## **ITEM 18 – FINANCIAL INFORMATION**

### **Balance Sheet**

Ades Investment Counsel, Inc. does not solicit prepayment of more than \$500 in fees per client six (6) months in advance and is not required to submit a balance sheet.

### **Financial Conditions**

Ades Investment Counsel, Inc. has no financial issues that could impair our ability to carry out our fiduciary duty to our clients.

### **Bankruptcy Petition**

Ades Investment Counsel, Inc. has not been the subject of a bankruptcy petition within the last ten (10) years.

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## ITEM 19 – REQUIREMENTS FOR STATE-REGISTERED ADVISORS

### **Principal Executive Officers: Education, Background & Other Businesses**

Ades Investment Counsel, Inc.'s executive officer is Robert I. Ades. Robert I. Ades' education and business background can be found below.

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

As stated above, Ades Investment Counsel, Inc. 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.

### **Material Disciplinary Disclosures for Management Persons of this Firm**

Neither Ades Investment Counsel, Inc. nor our employees have been involved in an arbitration claim or been found liable in a civil, self-regulatory organization, or administrative proceeding.

### **Material Relationships Management Persons Have With Issuers of Securities**

Neither Ades Investment Counsel, Inc. nor our employees have any relevant material relationships with issuers of securities.

Neither Ades Investment Counsel, Inc. nor our employees have any relevant material relationships with issuers of securities.

## ADV PART 2 B BROCHURE SUPPLEMENT

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### ITEM 1 – COVER PAGE ADV PART 2 B BROCHURE SUPPLEMENT

This brochure supplement provides information about Robert I. Ades, the Managing Member of Ades Investment Counsel, Inc. (“Ades Investment Counsel”). If you did not receive a copy of the brochure or if you have any questions about the contents of this supplement, please contact us at (310) 571-1224 or by email to [aicwealth@gmail.com](mailto:aicwealth@gmail.com).

Additional information about Robert I. Ades and Ades Investment Counsel is also available at the SEC’s website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) Click on the “Investment Adviser Search” link and then search for “Individual” using the individual’s CRD number 4088386.

February 10, 2020

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[AICWEALTH@GMAIL.COM](mailto:aicwealth@gmail.com)

(310) 571-1224

[WWW.ROBERTADES.COM](http://WWW.ROBERTADES.COM)

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### ITEM 2 – EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

#### ROBERT I. ADES, CFA, CPA

Year Born: 1957

Educational Background:

B.A., Management Studies – Sonoma State University (1980)

Mr. Ades was awarded the CFA charter in 2012

Business Background:

Mr. Ades has worked in the public accounting profession since 1980 and is a California CPA. In 1988, Mr. Ades founded the firm that is now known as Robert Ades Accountancy Corporation. In 1999 and 2000, Mr. Ades passed the NASD Series 66 and Series 7 exams, and later established a relationship with Financial West Group to provide investment advisory services. In 2005, he began and became the president of Ades Investment Counsel, Inc. (“AIC”). Mr. Ades is a member in good standing of CFA Institute and the California Society of Certified Public Accountants.

Additionally, Mr. Ades sits on the State Committee for Personal Financial Planning of the California CPA Society and is the chair of the Personal Financial Planning discussion group for the Los Angeles chapter.

Professional Qualification:

Series 66, Uniform Combined State Law Examination (1999)

Professional Designations:

Chartered Financial Analyst (CFA)

Certified Public Accountant (CPA)

#### Explanation of Designations:

##### CFA: (Chartered Financial Analyst)

To earn this designation, you must have four years of qualified investment work experience, become a member of CFA Institute, pledge to adhere to the CFA Institute's Code of Ethics and Standards of Professional Conduct on an annual basis, apply for membership to a local CFA member society, and complete the CFA Program.

The CFA Program is organized into three levels, each culminating in a six-hour exam. The major areas of study are Ethics, Quantitative Analysis, Economics, Accounting, Security Analysis, and Portfolio Management.

In addition to producing an array of industry-supported events, educational opportunities and publications, the CFA Institute has devised a volunteer-based education program that recommends that members complete a minimum of 20 hours of continued education (CE) activities, including a minimum of two hours of standards, ethics and regulatory education each calendar year. Members have autonomy over the activities they engage in as long as they follow two broad requirements: The activity should be educational in nature and geared toward increasing the knowledge, skills and abilities of an investment professional and the educational content should relate to one or more of the Topics for Investment Professionals (TIPs) or a topic that a member deems individually relevant for his or her unique professional responsibilities.

Members receive credit for their continuing education by keeping a CE journal and then receive recognition for meeting annual milestones in their programs. The CFA Institute recognizes these milestones by providing certificates signifying program completion and by publishing the names of CE members in CFA publications.

##### CPA: (Certified Public Accountant)

CPAs are licensed and regulated by their state boards of accountancy. While state laws and regulations vary, the education, experience and testing requirements for licensure as a CPA generally include minimum college education (typically 150 credit hours with at least a baccalaureate degree and a concentration in accounting), minimum experience levels (most states require at least one year of experience providing services that involve the use of accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills, all of which must be achieved under the supervision of or verification by a CPA), and successful passage of the Uniform CPA Examination.

In order to maintain a CPA license, states generally require the completion of 40 hours of continuing professional education (CPE) each year (or 80 hours over a two year period or 120 hours over a three year period). Additionally, all American Institute of Certified Public Accountants (AICPA) members are required to follow a rigorous Code of Professional Conduct which requires that they act with integrity, objectivity, due care, competence, fully disclose any conflicts of interest (and obtain client consent if a conflict exists), maintain client confidentiality, disclose to the client any commission or referral fees, and serve the public interest when providing financial services. The vast majority of state boards of accountancy have adopted the AICPA's Code of Professional Conduct within their state accountancy laws or have created their own.

### ITEM 3 – DISCIPLINARY INFORMATION

Robert Ades has no legal or disciplinary events that are material to you or a prospective client's evaluation of this advisory business.

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### ITEM 4 – OTHER BUSINESS ACTIVITIES

In addition to his activities with AIC, Robert Ades is an officer and the sole shareholder of Robert Ades Accountancy Corporation. The firm provides tax, accounting, bookkeeping, consulting and planning services to individual and small business clients predominantly in the entertainment industry. The firm is not an investment adviser, but is an accounting

firm licensed to practice in California. Mr. Ades' time is split with approximately 50% spent on the business of Ades Investment Counsel, Inc. and 50% spent on the business of Robert Ades Accountancy Corporation.

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#### **ITEM 5 – ADDITIONAL COMPENSATION**

Other than work with Ades Investment Counsel and any disclosures made in Items 2 and 4 above, Robert Ades receives no additional compensation related to outside business activities.

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#### **ITEM 6 – SUPERVISION**

Robert Ades is the sole managing member of Ades Investment Counsel and is the supervising authority. Robert Ades remains aware of and keeps us in compliance with the current rules and regulations put forth by each ruling regulatory authority where we conduct our business. Ades Investment Counsel maintains a written compliance manual that is reviewed with employees when they are hired as well as annually. Ades Investment Counsel has established internal policies for the guidance of its trading personnel. Transactions, which vary from the guidelines, are subject to periodic supervisory review. These guidelines are reviewed yearly and periodically adjusted.

Robert Ades is located at 11835 W. Olympic Boulevard, Suite 705E, Los Angeles, California 90064 and can be reached by calling (310) 571-1224.

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#### **ITEM 7 – REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

State securities authorities require this disclosure and it is provided to you for evaluating this investment advisor representative's suitability.

Other than any disclosures made in Item 3 above, Robert Ades has not been found liable in any additional material arbitration or liable in a civil, self-regulatory organization, or administrative proceeding involving an investment or an investment-related business or activity; fraud, false statement(s), or omissions; theft, embezzlement, or other wrongful taking of property; bribery, forgery, counterfeiting, or extortion; or dishonest, unfair, or unethical practices. Robert Ades has never been the subject of a bankruptcy petition.