

**Item 1 - Cover Page**

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**Date of Brochure: March 24, 2020**

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This brochure provides information about the qualifications and business practices of G. DeWayne McAnally, LLC. If you have any questions about the contents of this brochure, please contact Mr. McAnally at 888-488-4625 or at [dewayne@gdmcanally.com](mailto:dewayne@gdmcanally.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about the investment adviser firm G. DeWayne McAnally, LLC is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view our firm's information on this website by searching for our name G. DeWayne McAnally, LLC or our firm CRD number **118511**.

\*Registration as an investment adviser does not imply a certain level of skill or training.

## **Item 2 - Material Changes**

This brochure provides prospective clients with information about G. DeWayne McAnally, LLC that should be considered before or at the time of obtaining our advisory services.

This brochure is required to be updated at least annually, or sooner when material changes to our business take place.

Each year we will deliver to you, by no later than April 30th, a free updated brochure that includes or is accompanied by a summary of material changes; or a summary of material changes and an offer to provide a copy of the updated brochure and how to obtain it.

The summary below discusses only material changes since our last annual update of this brochure dated February 18, 2019:

- No material changes

## Item 3 - Table of Contents

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#### **Item 4 - Advisory Business**

The firm G. DeWayne McAnally, LLC is an investment adviser firm registered with the State of Oklahoma and is a Limited Liability Company formed under the laws of the State of Oklahoma.

- Gary DeWayne McAnally is the sole proprietor. Full details of his education and business background are provided at Item 19 of this Disclosure Brochure.
- The firm G. DeWayne McAnally, LLC has been registered as an investment adviser firm since November, 1989.

#### **General Description of Primary Advisory Services**

The following are brief descriptions of the firm G. DeWayne McAnally, LLC's primary services. A detailed description of the firm's services is provided in *Item 5 - Fees and Compensation* so that clients and prospective clients can review the description of services and description of fees in a side-by-side manner.

**Financial Planning Services** – The firm G. DeWayne McAnally, LLC provides advisory services in the form of financial planning services. Financial planning services do not involve the active management of client accounts, but instead focuses on a client's overall financial situation. Financial planning can be described as helping individuals determine and set their long-term financial goals through investments, tax planning, asset allocation, risk management, retirement planning, and other areas. The role of a financial planner is to find ways to help the client understand the client's overall financial situation and help the client set financial objectives.

**Investment Management Services** – The firm G. DeWayne McAnally, LLC provides advisory services in the form of Investment Management Services. Investment Management Services (also commonly referred to as "asset management services") involve providing clients with continuous and on-going supervision over client accounts. This means that our firm will continuously monitor a client's account, help clients make investment decisions, and make trades in client accounts when necessary.

**Wrap Account Services** – The firm G. DeWayne McAnally, LLC participates in Wrap Accounts as a sponsor and portfolio manager. Clients will receive a separate Wrap Account Brochure either in lieu of or along with this Firm Brochure. The name of the Wrap Accounts are as follows; Navigator Plus and Pilot. Wrap Accounts charge a set fee which includes the cost of securities transactions which would otherwise be charged to the client by the Custodian.

#### **Limits Advice to Certain Types of Investments**

The firm G. DeWayne McAnally, LLC provides investment advice on the following types of investments:

- No-Load (i.e. no trading fee) and Load-Waived (i.e. trading fee waived) Mutual Fund Shares
- Exchange-listed securities (i.e. stocks)
- Securities traded over-the-counter (i.e. stocks)
- Fixed income securities (i.e. bonds)
- Closed-End Funds and Exchange Traded Funds (ETFs)
- Foreign Issues
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable life insurance

- Variable annuities
- United States government securities
- Options contracts on securities
- Interests in partnerships investing in real estate and oil and gas interests

The firm G. DeWayne McAnally, LLC does not provide advice on tangibles or intangibles, or hedge funds and other types of private (i.e. non-registered) securities.

When providing Asset Management Services, the firm will typically construct each client's account holdings using mutual funds, exchange traded funds (ETFs), bonds, equities and other investment tools, to build diversified portfolios. It is not the firm's typical investment strategy to attempt to time the market, but we may increase cash holdings modestly as deemed appropriate, based on your risk tolerance and our expectations of market behavior. We may modify our investment strategy to accommodate special situations like low basis stock, stock options, legacy holdings, inheritances, closely held businesses, collectibles, or special tax situations. *(Please refer to Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss for more information.)*

### **Tailor Advisory Services to Individual Needs of Clients**

The firm G. DeWayne McAnally, LLC's services are always provided based on the individual needs of each client. This means, for example, that you are given the ability to impose restrictions on the accounts we manage for you, including specific investment selections and sectors. We work with each client on a one- on-one basis through interviews and questionnaires to determine the client's investment objectives and suitability information.

### **Client Assets Managed by G. DeWayne McAnally, LLC**

The amount of client's assets managed by the firm G. DeWayne McAnally, LLC totaled \$96,775,617 as of December 31, 2019.

\$96,775,617 of these assets are managed on a discretionary basis and \$0 are managed on a non- discretionary basis.

### **Item 5 - Fees and Compensation**

In addition to the information provided in *Item 4 - Advisory Business*, this section provides additional details regarding our firm's services along with descriptions of each service's fees and compensation arrangements.

### **Investment Management Services**

The firm G. DeWayne McAnally, LLC provides Investment Management Services by Identifying your needs, goals, risk tolerance, and time horizon and by performing a regular analysis and review of portfolios utilizing a quantitative and qualitative approach. Our firm provides advice concerning the attainment, holdings, management, reinvestment and disposition of cash, securities, and other assets of your portfolio in relationship to the suitability of your financial needs and goals.

Analytical tools, research and software will be used to determine your investment goals and objectives. These tools can address any level of risk from conservative to aggressive portfolios, tailored to fit your financial needs.

The firm G. DeWayne McAnally, LLC provides investment management services through accounts maintained at Charles Schwab & Co., Inc., and MTG, LLC dba Betterment Securities, or other designated custodians. The designated custodian will maintain custody of all funds and securities. Our firm will not have physical custody of client funds and securities.

## **Management Fees**

The firm G. DeWayne McAnally, LLC offers investment management services for a percentage of assets under management.

The fee schedule for this service for accounts maintained at Charles Schwab, Inc. is:

<b>Assets under management</b>	<b>Annual Fee</b>
<b>Under \$250,000</b>	<b>1.35 %</b>
<b>\$250,001 - \$500,000</b>	<b>1.20 %</b>
<b>\$500,001 - \$750,000</b>	<b>1.05 %</b>
<b>Over \$750,000</b>	<b>0.90 %</b>

The fee for this service for accounts maintained at MTG, LLC dba Betterment Securities is:

**Annual Advisory Fee: 0.70%**

**Betterment Securities Annual Platform Fee: 0.25%**

**Total Annual Fee: 0.95%**

Fees are negotiable depending on the needs of the client and complexity of the situation. The exact fee for services will be agreed upon and disclosed in the client agreement prior to services being provided.

Fees for our investment management services are normally billed quarterly in advance based on the value of your account on the last business day of the previous quarter. Other billing arrangements may be offered. Fees are generally deducted directly from your account. You must provide the custodian with written authorization to have fees deducted from the account and paid to G. DeWayne McAnally, LLC. You will be provided with a fee notification. The fee notification will show the amount of fees for the quarter, the manner in which the fees were deducted, any adjustments to the fees, and explanations of any adjustments.

Upon our discretion, you may pay fees directly to our firm. If you pay fees directly, payment is due upon receipt of the billing statement from our firm. Fees will be prorated based on the number of days that services are provided when the account is established or terminated at any time other than the beginning of a calendar quarter. Any hourly fees that are charged will be billed directly to the client after the hourly services have been rendered.

The custodian will send you statements, at least quarterly, showing all disbursements for the account including the amount of the advisory fee, if such fee is deducted directly from your account.

Brokerage commissions and/or transaction ticket fees charged by the custodian (if there are any) will be billed directly to your account unless you are participating in our wrap account. The firm G. DeWayne McAnally, LLC will not receive any portion of such commissions or fees. In addition, you may incur certain charges imposed by third parties other than our firm in connection with investments made through the account, including but not limited to, mutual fund sales loads, 12(b)-1 fees and surrender charges, variable annuity fees and surrender charges, and IRA and qualified retirement plan fees.

Management fees charged by our firm are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to you. A description of these fees and expenses are available in each investment company security's prospectus.

The minimum account balance required to open a Managed Account is \$25,000; however, the firm G. DeWayne McAnally, LLC may, at its discretion, reduce the minimum managed account balance, and may negotiate fees with employees, or clients.

Fees will be charged against the managed assets, including cash balances, money market fund shares and other Managed Account positions.

## **Termination of Agreements**

Your agreement may be cancelled at any time, by either party, for any reason, upon receipt of 30 days written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. You have the right to terminate an agreement without penalty within five business days after entering the agreement.

## **Financial Planning Services**

The firm G. DeWayne McAnally, LLC may provide you with a written financial plan for a fee. You will furnish the firm with complete and up-to-date information about your personal circumstances and financial goals and objectives. The financial plan may include an analysis of one or more of the following: assets, liabilities, projected income, income tax position, insurance programs, retirement plans, and investment portfolios.

The fee for preparing a financial plan, if any, will be determined on the basis of the anticipated amount of work to be done and will be disclosed up front. The fee is negotiable and will not exceed \$2500 for any individual plan. The first half of the fee is payable upon entering into an agreement for financial planning services and the balance is due upon delivery of the plan. Financial plans will be prepared, reviewed and delivered to clients within 30 days.

Although the firm G. DeWayne McAnally, LLC discloses that there may be a fee for its financial planning services, historically there have never been any charges to investment management clients for financial planning services. Financial planning services have always been considered a courtesy to the firm's investment management clients at their request.

A conflict of interest may exist between the interest of the firm G. DeWayne McAnally, LLC and your interest in that our firm is offering financial planning and investment advisory services for a fee and also, in our separate capacity we offer various insurance products for which we may be paid a commission.

Lower fees for comparable services may be available from other sources. Material conflicts of interest may exist. If a material conflict of interest exists, G. DeWayne McAnally, LLC will disclose the nature of that conflict to you.

You are advised that the investment recommendations and financial advice offered by the firm G. DeWayne McAnally, LLC is not of a legal or accounting nature and you should coordinate and discuss the impact of this financial advice with your attorney and/or accountant. You are advised that it is necessary to inform us promptly with respect to any changes in your financial condition, situation, and investment goals and objectives. Failure to notify us or our representatives of any such changes could result in investment recommendations not meeting your needs.

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

Item 6 of the Form ADV Part 2 instructions is not applicable to this Disclosure Brochure because the firm G. DeWayne McAnally, LLC does not charge or accept performance-based fees. Performance-based fees are fees based on a share of capital gains on or capital appreciation of the assets held within a client's account.

## **Item 7 – Account Requirements and Types of Clients**

### **Minimum Investment Amounts Required**

The minimum account balance required to open a Managed Account is \$25,000; however, the firm G. DeWayne McAnally, LLC may, at its discretion, reduce the minimum managed account balance. Accounts valued under \$25,000 may be subject to more risk and volatility that can exist with trying to diversify smaller accounts and absorb market fluctuations.

## **Types of Clients**

The firm G. DeWayne McAnally, LLC generally provides investment advice to the following types of clients:

- Individuals
- High-Net Worth Individuals
- Pension and profit-sharing plans
- Trusts, estates, or charitable organizations
- Corporations or business entities other than those listed above

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

### **Methods of Analysis**

The firm G. DeWayne McAnally, LLC uses the following methods of analysis in formulating investment advice:

**Charting**: The set of techniques used in technical analysis in which charts are used to plot price movements, volume, settlement prices, open interest, and other indicators, in order to anticipate future price movements. Users of these techniques, called chartists, believe that past trends in these indicators can be used to extrapolate future trends.

**Cyclical**: Analyzes the investments sensitive to business cycles and whose performance is strongly tied to the overall economy. For example, cyclical companies tend to make products or provide services that are in lower demand during downturns in the economy and higher demand during upswings. Examples include the automobile, steel, and housing industries. The stock price of a cyclical company will often rise just before an economic upturn begins and fall just before a downturn begins. Investors in cyclical stocks try to make the largest gains by buying the stock at the bottom of a business cycle, just before a turnaround begins.

**Fundamental**: This is a method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of companies). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

**Technical**: This is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

### **Investment Strategies**

The firm G. DeWayne McAnally, LLC uses the following investment strategies when managing client assets and/or providing investment advice:

**Long term purchases**: Investments held at least a year.

**Short term purchases**: Investments sold within a year.

**Trading**: Investments sold within 30 days.

**Option writing including covered options, uncovered options, or spreading strategies**: Options are contracts giving the purchaser the right to buy or sell a security, such as stocks, at a fixed price within a specific period of time.



## **Risk of Loss**

Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. You should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated when investing in securities through our investment management program.

- **Market Risk** - Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- **Equity (stock) market risk**- Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- **Company Risk**. When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- **Fixed Income Risk**. When investing in bonds, there is the risk that issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- **Options Risk**. Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- **ETF and Mutual Fund Risk** - When investing in an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients will also incur brokerage costs when purchasing ETFs.

**Management Risk** - Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.

## **Item 9 - Disciplinary Information**

Item 9 is not applicable to our Disclosure Brochure because there are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our business or integrity.

## **Item 10 - Other Financial Industry Activities and Affiliations**

G. DeWayne McAnally, LLC is not and does not have a related company that is a (1) investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust,

private investment company or "hedge fund," and offshore fund), (2) other investment adviser or financial planner, (3) futures commission merchant, commodity pool operator, or commodity trading advisor, (4) banking or thrift institution, (5) accountant or accounting firm, (6) lawyer or law firm, (7) pension consultant, (8) real estate broker or dealer, or (9) sponsor or syndicator of limited partnerships.

### **Other Business Activities**

In addition to being a Registered Investment Advisor, G. Dewayne McAnally, is in his individual capacity also conducts insurance sales as an independent insurance agent.

Mr. McAnally has a material relationship with an insurance company. From time to time, he will offer clients advice or products from those activities. Clients should be aware that these services pay a commission and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. G. DeWayne McAnally always acts in the best interest of the client, including the sale of commissionable products to advisory clients. Clients are in no way required to implement the plan through any representative of G. DeWayne McAnally, LLC in their capacity as an insurance agent.

## **Item 11 - Code of Ethics, Participation in Client Transactions and Personal Trading**

### **Code of Ethics Summary**

All investment advisers are required to establish, maintain and enforce a Code of Ethics. The firm G. DeWayne McAnally, LLC has established a Code of Ethics. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in your best interest at all times. Our firm's fiduciary duty to you is considered the core underlying principle for our Code of Ethics, which also covers our Insider Trading and Personal Securities Transactions Policies and Procedures. We conduct business with the highest level of ethical standards and will comply with all federal and state securities laws at all times. We have the responsibility to make sure that the interests of all clients are placed ahead of our own investment interest. Full disclosure of all material facts and potential conflicts of interest will be provided to you prior to the provision of any advisory services. We must conduct business in an honest, ethical and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give you a summary of our Code of Ethics. However, if you wish to review our Code of Ethics in its entirety, a copy will be provided to you promptly upon receipt of your request.

### **Affiliate and Employee Personal Securities Transactions Disclosure**

The firm G. DeWayne McAnally, LLC or its associated persons may buy or sell for their personal accounts, investment products identical to those recommended to clients. Any time the firm G. DeWayne McAnally, LLC and related persons may invest in the same securities that are recommended to clients, steps are taken to make sure that the interest of all clients are placed ahead of the investment interests of the firm G. DeWayne McAnally, LLC and its associated persons. The firm requires that transactions for personal accounts of its associated persons in investment products identical to those recommended to clients be placed only after placing transactions for clients or participate in a simultaneous transaction (block trade) with the clients. This creates a potential conflict of interest. It is the express policy of the firm that all persons associated in any manner with the firm must place the interests of the firm's clients ahead of the associated person's interests when implementing personal investments. The firm, G. DeWayne McAnally, LLC and its associated persons will not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of employment or association with the firm G. DeWayne McAnally, LLC unless the information is also available to the investing public upon reasonable inquiry. In order to minimize this conflict of interest, securities recommended by associated persons of the firm are widely held and publicly traded.

## **Item 12 - Brokerage Practices**

G. DeWayne McAnally, LLC does not maintain custody of your assets that we manage, although we may be

deemed to have custody of your assets if you give us authority to withdraw advisory fees from your account (see Item 15—Custody, below). Your assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. We require that our clients use either Charles Schwab & Co., Inc. (“Schwab”), registered broker dealer, member SIPC, and/or MTG, LLC dba Betterment Securities (“Betterment Securities”), registered broker dealer, member SIPC, as the qualified custodian(s). We are independently owned and operated and are not affiliated with Schwab or Betterment Securities. Schwab and/or Betterment Securities will hold your assets in a brokerage account and buy and sell securities when we and/or you instruct them to. While we require that you use Schwab and/or Betterment Securities as custodian, you will decide whether to do so and will open your account with Schwab and/or Betterment by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so. If you do not wish to place your assets with Schwab or Betterment Securities, then we cannot manage your account.

The Custodians, Charles Schwab and Betterment Securities, were chosen based on their relatively low transaction fees and access to mutual funds and ETFs. G. DeWayne McAnally, LLC will never charge a premium or commission on transactions, beyond the actual cost imposed by the Custodian.

Clients are under no obligation to act on the financial planning recommendations of associated persons of the firm G. DeWayne McAnally, LLC. If our firm assists in the implementation of any recommendations, we are responsible to ensure that you receive the best execution possible.

### **How We Select Custodians/Brokers**

We seek to use a custodian/broker that will hold your assets and execute transactions on terms that are, overall, most advantageous when compared with other available providers and their services. We consider a wide range of factors, including:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs], etc.) Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, and stability
- Prior service to us and our other clients
- Availability of other products and services that benefit us, as discussed below (see “Products and services available to us from Schwab” and “Products and services available to us from Betterment Securities” below)

### **Brokerage for Client Referrals**

G. DeWayne McAnally, LLC and its related persons receive no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

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

G. DeWayne McAnally receives research, product, or services other than execution from a broker-dealer or third-party in connection with client securities transactions (“soft dollar benefits”). These soft dollar benefits fall under the “Safe Harbor” of section 28€ of the Securities Exchange Act of 1934.

Soft dollar benefits received from our Custodians, Schwab and Betterment Securities, are described in more detail below.

## Products and Services Available to us from Schwab

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage services (trading, custody, reporting, and related services), many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. Schwab's support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us. Following is a more detailed description of Schwab's support services:

### Services that benefit you.

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

### Services that may not directly benefit you.

Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting Services that generally benefit only us.

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment of our personnel.

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services. These services may be contingent upon us committing a certain amount of business to Schwab in assets in custody. We may have an incentive to recommend that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services and not Schwab's services that benefit only us.

## **Services Available to us from Betterment Securities**

Betterment Securities serves as broker dealer to Betterment Institutional, an investment and advice platform serving independent investment advisory firms like us. Betterment Institutional also makes available various support services which may not be available to Betterment's retail customers. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. Betterment Institutional's support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us. Following is a more detailed description of Betterment Institutional's support services:

### **Services that Benefit You**

Betterment Institutional includes access to a range of investment products, execution of securities transactions, and custody of client assets through Betterment Securities. Betterment Securities' services described in this paragraph generally benefit you and your account.

### **Services that May Not Directly Benefit You**

Betterment Institutional also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts, such as software and technology that may:

- Assist with back-office functions, recordkeeping, and client reporting of our clients' accounts.
- Provide access to client account data (such as duplicate trade confirmations and account statements).
- Provide pricing and other market data.
- Assist with back-office functions, recordkeeping, and client reporting.
- Educational conferences and events.
- Consulting on technology, compliance, legal, and business needs.
- Publications and conferences on practice management and business succession.

The availability of these services from Betterment Institutional benefits us because we do not have to produce or purchase them. In addition, we don't have to pay for Betterment Securities' services. These services may be contingent upon us committing a certain amount of business to Betterment Securities in assets in custody. We may have an incentive to recommend that you maintain your account with Betterment Securities, based on our interest in receiving Betterment Institutional and Betterment Securities' services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Betterment Securities as custodian is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Betterment Securities' services and not Betterment Institutional and Betterment Securities' services that benefit only us.

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

G. DeWayne McAnally, LLC and its related persons do not allow clients to direct brokerage. G. DeWayne McAnally, LLC may be unable to achieve most favorable execution of client transactions if clients choose to direct brokerage. This may cost clients money because without the ability to direct brokerage G. DeWayne McAnally, LLC may not be able to aggregate orders to reduce transactions costs resulting in higher brokerage commissions and less favorable prices. Not all investment advisers deny their clients to direct brokerage.

## **Handling Trade Errors**

The firm G. DeWayne McAnally, LLC has implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with the firm's fiduciary duty, it is the policy of the firm, G. DeWayne McAnally, LLC, to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client will be made whole and any loss resulting from the trade error will be absorbed by the firm, G. DeWayne

McAnally, LLC, if the error was caused by the firm. If the error is caused by the broker-dealer, the broker-dealer will be responsible for handling the trade error. If an investment gain results from the correcting trade, the gain will remain in the client's account unless the same error involved other client account(s) that should also receive the gains and it is not permissible for all clients to retain the gain. Associated persons of the firm, G. DeWayne McAnally, LLC, may also confer with clients to determine if the client should forego the gain (e.g., due to tax reasons).

The firm, G. DeWayne McAnally, LLC, will never benefit or profit from trade errors.

### **Block Trading Policy**

Transactions implemented by the firm, G. DeWayne McAnally, LLC, for client accounts are generally affected independently, unless the firm decides to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and is used by our firm when we believe such action may prove advantageous to clients. When our firm aggregates client orders, the allocation of securities among client accounts will be done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among our firm's clients in proportion to the purchase and sale orders placed for each client account on any given day.

When our firm determines to aggregate client orders for the purchase or sale of securities, including securities in which our firm or its associated persons may invest, we will do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* It should be noted that the firm, G. DeWayne McAnally, LLC, or its associated persons do not receive any additional compensation or remuneration as a result of order aggregation.

### **Class Action Lawsuits**

You retain the right under the applicable securities laws to initiate individually a lawsuit or join a class-action lawsuit against the issuer of a security that was held, purchased or sold by or for you. The firm, G. DeWayne McAnally, LLC will not initiate such a legal proceeding on your behalf and will not provide legal advice to you regarding potential causes of action against such a security issuer and/or whether you should join a class-action lawsuit. Mr. McAnally recommends that you seek legal counsel prior to making a decision regarding whether to participate in such a class-action lawsuit. Moreover, his services do not include monitoring or informing you of any potential or actual class-action lawsuits against the issuers of the securities that were held, purchased or sold by or for you.

## **Item 13 - Review of Accounts**

### **Account Reviews and Reviewers**

You are required to complete a client profile questionnaire which includes risk tolerance, investment objectives, background information and financial information. We monitor all advisory accounts serviced by our firm to ensure compliance with your objectives and goals. Absent any special circumstances, accounts are typically reviewed, rebalanced and reallocated at least annually for adherence to your investment style. When financial conditions dictate, a reallocation of portfolio assets will be recommended to you for consideration and review. A review with the client is done at least once a year and is normally completed every six months. Under certain conditions an unscheduled review of your account may occur; these conditions include but are not limited to; unusual volatility in the market, change in your goals, family status, or risk tolerance, or at your request.

### **Statements and Reports**

The account custodian will send trade confirmations to you concurrent with the purchase or sale of securities or mutual funds. The account custodian will also send quarterly statements that will provide you with a detail of portfolio allocation and mutual fund product mix and total value of your investment portfolio.



#### **Item 14 - Client Referrals and Other Compensation**

The firm, G. DeWayne McAnally, LLC, does not directly or indirectly compensate any person for client referrals. We receive an economic benefit from Charles Schwab and Betterment Securities in the form of the support products and services they make available to us and other independent investment advisors whose clients maintain their accounts with them. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12—Brokerage Practices). The availability to us of Charles Schwab's and Betterment Securities' products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

The only compensation received from advisory services is the fee charged for providing investment advisory services as described in Item 5 of this Disclosure Brochure. The firm, G. DeWayne McAnally, LLC, or its associated persons receive no other forms of monetary compensation in connection with providing investment advice.

#### **Item 15 - Custody**

Custody, as it applies to investment advisers, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment adviser is deemed to have custody and must ensure proper procedures are implemented. The firm, G. DeWayne McAnally, LLC, is deemed to have custody of client funds and securities whenever the firm is given the authority to have fees deducted directly from client accounts. However, this is the only form of custody the firm will ever maintain. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

For accounts in which the firm is deemed to have custody, the firm has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from the firm, G. DeWayne McAnally, LLC. When clients have questions about their account statements, they should contact the firm, G. DeWayne McAnally, LLC, or the qualified custodian preparing the statement.

When fees are deducted from an account, the firm, G. DeWayne McAnally, LLC, is responsible for calculating the fee and delivering instructions to the custodian. At the same time that the firm instructs the custodian to

deduct fees from the client's account, the firm will send the client an invoice itemizing the fee. Itemization will include the formula used to calculate the fee, the amount of assets under management the fee is based on, and the time period covered by the fee.

#### **Item 16 - Investment Discretion**

Through its investment management services and upon receiving written authorization from a client, the firm, G. DeWayne McAnally, LLC, will maintain trading authorization over client accounts. Upon receiving written authorization from the client, the firm may implement trades on a discretionary basis. When discretionary authority is granted, the firm will have the authority to determine the type of securities and the amount of securities

that can be bought or sold for the client's portfolio without obtaining the client's consent for each transaction. However, it is the policy of the firm to consult with the client prior to making significant changes in the account even when discretionary trading authority is granted by the client.

If you have granted trading authorization on a non-discretionary basis, we will be required to contact you prior to implementing changes in your account. Therefore, you will be contacted and required to accept or reject our investment recommendations including:

- The security being recommended
- The number of shares or units
- Whether to buy or sell

Once the above factors are agreed upon, the firm, G. DeWayne McAnally, LLC, will be responsible for making decisions regarding the timing of buying or selling an investment and the price at which the investment is bought or sold. If your accounts are managed on a non-discretionary basis, you need to know that if you are not able to be reached or are slow to respond to our request, it can have an adverse impact on the timing of trade implementations and we may not achieve the optimal trading price.

All clients have the ability to place reasonable restrictions on the types of investments that may be purchased in an account. Clients may also place reasonable limitations on the discretionary power granted to our firm so long as the limitations are specifically set forth or included as an attachment to the client agreement.

#### **Item 17 - Voting Client Securities**

The firm, G. DeWayne McAnally, LLC, will not vote proxies on behalf of your account. While there are some investment advisers that will vote proxies and other corporate decisions on behalf of their clients, we have determined that taking on the responsibility for voting client securities does not add enough value to the services provided to clients to justify the additional compliance and regulatory costs associated with voting client securities. Therefore, it is your responsibility to vote all proxies for securities held in accounts managed by our firm.

Clients will receive proxies directly from their custodian or transfer agent and such documents will not be delivered by our firm.

#### **Item 18 - Financial Information**

This item is not applicable to this brochure. The firm, G. DeWayne McAnally, LLC, does not require or solicit prepayment of more than \$500 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, the firm, G. DeWayne McAnally, LLC, has not been the subject of a bankruptcy petition at any time.



## **Item 19 - Requirements for State-Registered Advisers**

Executive Officer and Management Personnel

G. DeWayne McAnally

Year of Birth: 1950

### ***Educational Background***

- Graduated from Bethany High School 1968
- Graduated from Southern Nazarene University 1972
- Received Certified Financial Planner Designation 1982

### ***Business Experience***

- Gary Dewayne McAnally, G. DeWayne McAnally, LLC, Registered Investment Adviser September 1989 - Present
- Gary DeWayne McAnally, Investment Advisory Representative; Anderson & Strudwick from July 2010 – August 2011; Jesup & Lamont Securities Corp. from November 2008 to July 2010
- Gary DeWayne McAnally, Registered Representative; Myers Associates, L.P. August 2011 – January 2012; Anderson & Strudwick, Inc. July 2010 – August 2011; Jesup & Lamont Securities Corp. November 2008 – July 2010; Empire Financial Group, Inc. from July 2001 – November 2008.
- Gary Dewayne McAnally DBA The Advisory Group, insurance sales (since 1978)

### **Other Business Activities**

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

### **No Performance Based Fees**

As previously disclosed in Item 6, the firm, G. DeWayne McAnally, LLC, does not charge performance-based fees.

### **No Arbitrations**

G. DeWayne McAnally, LLC or any of its associated persons have not been the subject of any client arbitrations or similar legal disputes.