



## Important Questions To Think About As You Select An Investment Adviser

---

Garrison Financial Corp.  
605 W. Dickson Street, Suite 201  
Fayetteville, AR 72701  
479-587-1045  
888-442-7637 Toll Free  
[www.Garrisonfinancial.com](http://www.Garrisonfinancial.com)

---

Many of the following questions were taken directly from or adapted from the Securities & Exchange Commission's web site at [www.sec.gov](http://www.sec.gov) and relate to important matters you should consider when selecting a financial professional.

#### **A. Questions About The People Who Sell Investments or Provide Investment Advice**

##### **1. Are you registered with our state securities regulator?**

Garrison Financial Corp (Garrison) is an SEC-registered investment adviser. We are also registered in the State of Arkansas and other states where we have a physical presence. We are regulated by the Securities & Exchange Commission.

##### **2. Have you ever been disciplined by the SEC, a state regulator, or other organization (such as the Financial Industry Regulatory Authority (FINRA) or one of the stock exchanges)?**

Neither our firm nor any member of our firm has been disciplined by any regulatory agency.

##### **3. How long has your firm been in business?**

The direct predecessors of our firm have been in business and registered with the SEC since 1988.

##### **4. How many arbitration awards have been filed against your firm?**

No arbitration awards have been filed against the firm or any member of the firm since it was founded.

##### **5. What training and experience do you have?**

Our four investment professionals have either undergraduate or graduate degrees, or both, from accredited institutions including The Sam M. Walton College of Business at The University of Arkansas and The A. B. Freeman School of Business at Tulane University in New Orleans.

Three of our investment professionals hold the prestigious, world-recognized Chartered Financial Analyst (CFA) designation from The CFA Institute. Our investment professionals have combined investment industry experience of over

57 years, ranging from 28 years to 12 years. Our portfolio accountant has over 17 years of portfolio accounting experience.

6. How long have you been in the business?

The direct predecessors of our firm have been in business and registered with the SEC since 1988. Individuals in our firm have investment experience ranging from 28 years to 12 years.

7. Have you personally been involved in any arbitration cases? What happened?

No employee of Garrison Financial Corp. has ever been involved in an arbitration case.

8. What is your investment philosophy?

Our investment philosophy seeks to provide capital appreciation and preservation through a disciplined approach of asset allocation, security selection, and portfolio construction which is consistent with long-term wealth building, inflation protection and the realization of client goals.

We maintain a long-term market focus that covers an entire market cycle and is generally 3 to 5 years in horizon. We do not attempt to “time” the market and we do not trade excessively. We conduct our own investment research in-house and our portfolios are specifically tailored to meet the needs of each client.

9. Describe your typical client.

We serve a wide range of high-net-worth individual clients and mid-market institutions throughout the United States. Our typical clients include young professional singles or couples, persons planning for or in retirement, and regional institutional clients such as foundations and endowments. We have focused our efforts on approximately 250 clients and currently have approximately \$299 million in assets under management.

10. Can you provide me with some names and telephone numbers of your long term clients?

Due to the confidential nature of our business, we would be happy to provide you with several long-term client references after receiving permission from the client.

11. How do you get paid? By commission? Amount of assets you manage?  
Another method?

Garrison is a fee-only investment adviser. Our only compensation comes from an annual fee we charge our clients and is based on the amount of assets we manage for each client. We do not charge commissions and we are not paid a fee for selling products like insurance and mutual funds to our clients. We do not receive any initial or ongoing fees from any investment products we purchase on behalf of our clients. We do not provide any services on an hourly basis.

We believe this fee-only approach puts us and our clients on the same side of the table. When we purchase an investment for your account it's because we believe that it is in your best interest, not because we will be receiving a sales commission.

Although many of our clients' assets are held in custody at Charles Schwab & Company, clients are free to choose the custodian of their choice. We conduct our equity trading at Charles Schwab and they charge clients a commission for each trade we conduct that is absorbed by the client account. Garrison Financial does not receive any portion of this commission and we are not compensated in any fashion based on the number of trades we conduct on your behalf.

Most of our fixed income trading is conducted in the over-the-counter (OTC) markets using broker relationships going back as much as 20 years. The securities are traded on a "net" basis meaning there is no stated commission. When these securities are held in your account at Charles Schwab, you are charged a one-time prime brokerage fee for each purchase and sale. In most cases based on our access to the institutional fixed income markets, we are able to purchase fixed income securities from our established brokers and pay the prime brokerage fees to Schwab at an overall cost that is cheaper than if we had purchased the same fixed income security directly through Schwab.

Garrison Financial does not receive any portion of this prime brokerage fee and we are not compensated in any fashion based on the number of trades we conduct on your behalf.

On occasion we will purchase investments (mutual funds, ETF's, etc.) for client portfolios in very specialized areas such as international stocks and international bonds to provide additional diversification and when we identify an appropriate investment opportunity. These products have no up front fees, but they do incur internal management fees that are reflected in their share prices. The majority of your portfolio will always be invested in individual stocks and bonds that we choose on your behalf based on our internal research and your written investment policy statement.

We do not receive any portion of these fees from the product issuer as part of our compensation.

12. Do I have any choices on how to pay you? Should I pay you by the transaction? Or a flat fee regardless of how many transactions I have?

As mentioned earlier, we are a fee-only investment adviser. We are not compensated per transaction and we are not compensated based on the number of trades we conduct in your account.

Our fees are billed at an annual rate and are paid quarterly in arrears based on the average market value of your account during the quarter. Most clients elect the option to have their fee deducted directly from their account. You will receive a full accounting of the exact fee you are charged and this amount will be thoroughly explained to you in the quarterly correspondence you receive from us.

We do not charge any up-front fees or termination fees.

13. Do you make more if I buy this stock (or bond, or mutual fund) rather than another?

No.

14. If you weren't making extra money, would your recommendation be the same?

We do not earn commissions on trades in client accounts. The trades we conduct for clients are based on our best professional judgment at the time the securities are purchased or sold. We do not receive any initial or ongoing fees from any investment products we purchase on behalf of our clients.

15. Are you participating in a sales contest? Is this purchase really in my best interest, or are you trying to win a prize?

No. Every purchase or sale we make on your behalf is based on our best professional judgment at the time. We conduct all our client activity with your best interest in mind.

16. You've told me what it costs me to buy this stock (or bond, or mutual fund); how much will I receive if I sell it today?

You will receive the then current market price for any security we sell on your behalf, less the custodian's commission or prime-brokerage fee as discussed in Question 13, above.

**17. Where do you send my order to be executed? Can we get a better price if we send it to another market?**

We send each client equity order either electronically or verbally to the institutional trading desk of Charles Schwab & Company for execution. The trade is then executed on the stock exchange in which the security trades. Fixed income trades are conducted in the over-the-counter markets (OTC) from various brokers based on the specific availability of the bond in question. Every effort is made to obtain best execution on behalf of our clients.

**B. Questions About the Progress of Your Investments**

**1. How frequently do I get statements?**

Every time we buy or sell a security in your account, you will receive a confirmation from Charles Schwab or your custodian. Charles Schwab or the custodian of your choice will also send you a monthly statement detailing your portfolio holdings and activity.

You will receive a more detailed quarterly statement directly from us, including performance and capital gain/loss information, which has been reconciled by our portfolio accounting staff.

**2. Do I understand what the statement tells me?**

Our statements are produced by state-of-the-art portfolio accounting software and are very easy to understand. We are always happy to explain any details of the statement that are not clear to you.

**3. Is the return on my investment meeting my expectations and goals?**

Through our client education process we are realistic with our clients regarding potential return and potential loss. A detailed accounting of how your investments are performing compared to an appropriate market index is sent to you quarterly. We are always available to review investment performance with you as often as you like and to discuss current market conditions.

4. Have my goals changed? If so, are my investments still suitable?

We recommend to clients that they review with us at least annually any life-changes or other circumstances that may warrant a change in asset allocation.

5. How will my investment manager calculate and report investment performance to me?

We use state-of-the-art portfolio accounting software daily to reconcile your account with us to your custodian. Performance is calculated to include realized and unrealized gains and losses, dividends and income, and other items related to investment performance.

Performance is calculated under industry standard guidelines and is designed to reflect actual investment manager performance and to exclude cash flows into and out of your portfolio.

Performance is compared to appropriate market benchmarks, which themselves include dividend and interest payments.

We would be happy to provide a more detailed explanation of our investment performance calculations.

\*\*\*\*\*

You can verify your broker's disciplinary history by checking the [Central Registration Depository \(CRD\)](#). Either your state securities regulator or FINRA can provide you with CRD information. Your state securities regulator may give you more information from the CRD than FINRA, especially when it comes to investor complaints, so you may want to check with them first. You'll find contact information for your state securities regulator on the website of the [North American Securities Administrators Association](#). To contact FINRA, visit [FINRA's BrokerCheck website](#), or call them toll-free at (800)289-9999.

You can find out about investment advisers and whether they are properly registered by reading their registration forms, called the "[Form ADV](#)." You can view an adviser's most recent Form ADV online by visiting the [Investment Adviser Public Disclosure \(IAPD\)](#) website. At present, the IAPD database contains Forms ADV only for investment adviser firms that register electronically using the [Investment Adviser Registration Depository](#). You can also get copies of Form ADV for individual advisers and firms from the investment adviser, your [state securities regulator](#), or the [SEC](#), depending on the size of the adviser.