

## Disciplined Investments, LLC

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This brochure provides information about the business practices and qualifications of Disciplined Investments, LLC (DI). It has not been approved by the Securities and Exchange Commission nor by any state securities authority.

### Material changes

- Items 7 & 11 were updated to disclose our affiliate's new service line

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## 1. Advisory Business

DI provides fee-only financial planning and investment advice to individuals, trusts, businesses, estates, and charitable organizations. DI is a fiduciary to all clients, accepts no commissions or referral fees and has no proprietary products to sell. Established in 2001, DI is principally owned by HoganTaylor LLP, a tax and accounting firm.

DI is flexible when establishing client engagements. Clients may select to work with DI in one or more of the following capacities:

*Consultative & Planning* – clients receive verbal and/or written advice  
*Investment Advisory* – clients receive ongoing investment management

For each *Investment Advisory* client, DI tailors its portfolios and its advice to the individual needs of the client. Clients may impose restrictions on the investments and methods which DI will use. As of 03.12.2020, DI had the following assets under management:

*Discretionary* \$276,351,500  
*Non-Discretionary* \$77,947,544  
*Total Assets* \$354,299,044

For *Investment Advisory* clients with less than \$250,000 to invest, DI may utilize a wrap account called *Institutional Intelligent Portfolios*<sup>®</sup> (“*IIP*”), which is offered by Schwab Performance Technologies through Charles Schwab & Co., Inc. (“*Schwab*”). DI is the clients’ investment advisor and primary point of contact, with the responsibility of choosing a suitable investment strategy for the client on an ongoing basis. *Charles Schwab* does not charge the client for trades but incurs revenue primarily from cash reserve minimums. DI does not pay a fee to *Charles Schwab* for this program as long as DI maintains \$100 million in client assets at *Charles Schwab* that are not utilizing the *IIP* program. If DI does not meet the minimum, *Charles Schwab* will charge DI .1% annually of the value of our clients’ assets in the *IIP* program. This fee arrangement may incentivize DI to recommend *Charles Schwab* as custodian for certain clients.

## 2. Fees & Compensation

*Consultative & Planning* clients may be charged hourly rates ranging from \$200 - \$350, which depend upon the expertise level of the professional performing the service. These rates are not negotiable and are billed throughout or at the end of an engagement. *Consultative & Planning* clients may also be charged a fixed fee for a particular engagement. These fees are negotiable and may be billed at the end or throughout an engagement.

*Investment Advisory* clients are generally billed quarterly, in arrears, based on the value of the assets on the last day of the previous quarter. These fees will be prorated for the initial and

final management periods (see fee schedule below). DI may deduct fees from the clients' investment account(s) or clients may choose to pay from external sources. DI may charge additional fees for financial planning if approved in advance by the *Investment Advisory* client. Fees are negotiable.

Market Value of Portfolio		Annual Fee
\$ 0	- \$ 500,000	1.00%
\$ 500,001	- \$ 1,000,000	0.80%
\$ 1,000,001	- \$ 3,000,000	0.70%
\$ 3,000,001	- \$ 10,000,000	0.50%
\$ 10,000,001	- \$ 15,000,000	0.30%
\$ 15,000,001	- \$ 25,000,000	.5% flat
\$ 25,000,001	+	fixed negotiable

In addition to our management fees, clients will incur charges from:

- Mutual Funds, Exchanged Traded Funds, and other investment vehicles
- Custodians for transactions and other services (See **9. Brokerage Practices** for more information)
- Separate Money Managers, if applicable

### 3. Performance Based Fees

DI does not accept performance-based fees.

### 4. Types of Clients

DI provides fee-only financial planning and investment advice to individuals, trusts, businesses, estates, and charitable organizations.

### 5. Methods of Analysis, Investment Strategies & Risk of Loss

DI's investment philosophy is based on academic research. The firm believes public financial markets, with reasonable quality and accountability in their financial statements, are generally efficient and the price of these publicly traded securities generally reflects the best estimate of fair value. Rather than beat the market of other investors, DI attempts to gain sufficient exposure to obtain the market performance for each asset class. DI **does not** predict the direction of markets or the performance of specific securities. Instead, the firm concentrates on gaining appropriate exposure to investments based on more manageable components inherent to risk & return: such as diversification, cost reduction, tax-efficiency, and long-term discipline.

DI's primary strategy is to create and manage broadly diversified portfolios using investment vehicles with consistent exposure to meaningful risk factors. DI is cost conscientious and often selects lower cost investment vehicles and managers unless the advisor and/or client discerns otherwise. DI will establish asset class targets for each portfolio considering the client's unique goals, time horizon, risk tolerance, external investments, and tax situation. Then, DI manages (or recommends the client manage) the portfolio with discipline, rebalancing the portfolio back to the targets.

General market risk is the primary risk associated with this investment strategy. A second principle risk is that DI and the client do not adequately gauge the client's tolerance for risk. A third principal risk is that a client's unforeseen life experiences shorten the investment time horizon which the client originally estimated. Other risks include but are not limited to individual security default, interest rate changes, credit risk, currency or exchange rate risk, and legislative or political risk.

DI sometimes receives investments and chooses to hold them, despite a deviation from DI's typical strategy when the advisor and/or client feel it might be in the clients' best interest. Holding these investments may result in increased fees, concentration risk, and/or volatility and may reduce diversification.

Investing in securities involves **risk of loss** which clients should be prepared to bear. Clients should not assume the future performance of any investment or strategy will be profitable or equal any specific performance.

Infrequently, DI may choose to assist clients in the implementation of other investment strategies with a wide range of analysis methods and associated risks. Some of these additional risks are concentration, liquidity, marketability, increased fees and complexity, manager, and timing or expiration. DI and the client will define all responsibilities and set or adjust DI's fee structure to compliment the arrangement. Some examples include:

- Concentrated or low basis stock positions
- Investment strategies and separate money managers attempting to substantially beat their asset class benchmark
- Private equity/private real estate offerings
- Hedge fund or other alternative investment vehicle
- Derivatives and/or funds or managers investing in derivatives

## 6. Disciplinary Information

None.

## 7. Other Financial Industry Activities & Affiliations

DI is a subsidiary of HoganTaylor LLP, a certified public accounting firm.

Some DI clients require tax preparation, business valuation, or other accounting services and DI may recommend the independent services of HoganTaylor LLP. To reduce the likelihood of any conflict of interest for the client, DI clients are not required to engage HoganTaylor LLP for any additional services nor are HoganTaylor LLP's clients required to work with DI. More specifically, HoganTaylor LLP may conduct mergers and acquisitions activity for which HoganTaylor LLP may receive compensation in the form of transaction and/or success-based fees. DI will not receive any direct or indirect economic benefit related to this activity. Furthermore, DI does not and will not refer potential business transaction clients to HoganTaylor LLP and will instead direct these prospective engagements to an external and unaffiliated professional firm.

DI is fee-only and does not receive any direct or indirect remuneration for making referrals to HoganTaylor LLP and no HoganTaylor LLP employees receive direct remuneration for making referrals to DI.

See **11. Client Referrals & Other Compensation** for more information.

## 8. Code of Ethics & Personal Trading

DI maintains a Code of Ethics establishing a standard of business conduct for all supervised representatives. It addresses the fundamental principles of openness, integrity, honesty and trust and is available to clients upon their request.

In accordance with Section 204A of the Investment Advisers Act of 1940, DI has written policies designed to prevent the misuse of material nonpublic information by DI or any person associated with DI.

DI representatives may trade the same securities as DI clients – but this is unlikely to have a negative impact on the client due to the investment methodologies and typical security types DI uses. See **5. Methods of Analysis, Investment Strategies & Risk of Loss** for more information.

## 9. Brokerage Practices

For *Investment Advisory* clients, DI utilizes Fidelity Brokerage Services LLC also known as National Financial Services LLC ("*Fidelity Investments*") and/or *Charles Schwab* to custody investment assets and to execute securities transactions. DI often recommends the same or other discount brokerage firms for *Consultative & Planning* clients. Although the custodians

may not always be the lowest cost, the custodians provide what DI considers to be “best execution” when filling securities transactions considering commission rates, responsiveness, and capability.

When certain clients require DI to provide advice or management through brokerage firms other than discount custodians such as *Fidelity Investments* and *Charles Schwab*, the client may not receive “best execution” and may experience an increase in various brokerage costs.

DI does not receive fees or commissions based upon any custodial relationships. Although DI may receive incidental benefits from the custodian such as software, research, or practice development consultations, DI does not consider these to be material. DI has no sales, product, or investment obligations toward the custodians and DI clients do not pay more for custody or transactions due to these incidental benefits.

DI does not aggregate client trades. This is unlikely to have any impact on costs due to the investment methodologies and typical security types DI uses. See **5. Methods of Analysis, Investment Strategies & Risk of Loss** for more information.

## 10. Review of Accounts

*Consultative & Planning* client plans and portfolios **are not** regularly reviewed unless the client requests another engagement.

*Investment Advisory* client portfolios are reviewed at least quarterly to ensure the investments are appropriate for the clients’ stated *Investment Objective* (Conservative, Moderate, Balanced, Growth, or Aggressive Growth). The account reviewers include:

Adam J. Leavitt – Chief Operating Office, Chief Compliance Officer, Wealth Manager  
Mathew R. Bacon – Chief Financial Officer, Wealth Manager  
B. Scott Logan – Wealth Manager  
Austin B. Bryan – Senior Advisor  
Phuong Uyen Hoang “Annie” Tran – Senior Advisor  
Brandon R. Biles – Associate Advisor and specialist for the *IIP* program

Typically, DI will establish target allocations for each *Investment Advisory* client’s portfolio. Clients in the *IIP* program will be placed in one of twelve model portfolios. DI may periodically make minor adjustments to the target allocations. DI will substantially alter the target allocations or change model portfolios for clients in the *IIP* program if the client’s *Investment Objective* is changed. It is the client’s responsibility to notify DI of a change in life circumstances, or a change in external investments not subject to DI’s management, which may impact the *Investment Objective*.

*Investment Advisory* clients receive monthly custodial statements. Clients in the *IIP* program do not receive a consolidated statement from DI. For all other *Investment Advisory* clients, unless the client elects otherwise, DI provides a consolidated quarterly statement which incorporates all investment accounts under DI's management. DI's statement describes period activity, performance relative to benchmarks, security values, portfolio asset class targets, and a management fee calculation.

## **11. Client Referrals & Other Compensation**

DI is a fee-only firm and does not receive any direct or indirect compensation except from the client. DI is a subsidiary of HoganTaylor LLP but does not pay or receive any fees for referrals to or from HoganTaylor LLP. Because HoganTaylor LLP may conduct mergers and acquisitions brokerage activity for which HoganTaylor LLP may receive compensation in the form of transaction and/or success-based fees, DI does not and will not refer its potential business transaction clients to HoganTaylor LLP. Instead DI will direct these prospective engagements to an external and unaffiliated professional firm.

As an owner of DI, HoganTaylor LLP employees and partners may receive some indirect financial benefit in referring clients to use DI's services. See **7. Other Financial Industry Activities & Affiliations** for more information.

DI sometimes provides immaterial gifts of less than \$50 for client referrals. DI also currently pays approximately \$750 per month to SMARTVESTOR™ for advertising in northwest Arkansas. SMARTVESTOR™ is under no obligation to make referrals to DI.

## **12. Custody**

DI does not have custody of client investments. Clients should compare DI's quarterly statements with the independent custodian's statements which correspond to the same date. For each *Investment Advisory* client, we use *Fidelity Investments* or *Charles Schwab* as the primary custodian. *Consultative & Planning* clients may choose to use a different custodian.

## **13. Investment Discretion**

*Investment Advisory* clients may select DI to manage their portfolio with discretionary or non-discretionary authority. Clients execute custodial agreements granting DI the authority to trade in client accounts and may place restrictions on DI to limit the trading of any securities.

## 14. Voting Client Securities

DI does not vote proxies on clients' securities. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact DI by phone, email, or mail if they have questions about any proxy or solicitation.

## 15. Financial Information

DI and its parent company HoganTaylor LLP have financial conditions which enable DI to meet all contractual commitments to clients.

## 16. Supervised Advisors (ADV Part 2B)

Adam J. Leavitt is the Chief Compliance Officer responsible for supervising the advisory activities of DI. Clients and prospects may direct questions or concerns about DI's services to Adam by phone at 918.388.2690 or by email at [aleavitt@ht-di.com](mailto:aleavitt@ht-di.com). Alternatively, clients and prospects may direct questions or concerns directly to DI's parent company, HoganTaylor LLP, by contacting J. Tony Otto by phone at 918.745.2333 or by email at [jotto@hogantaylor.com](mailto:jotto@hogantaylor.com).

Additional information about each advisor is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### Adam J. Leavitt:

Adam was born in 1977 and received a B.S. degree in finance from Oral Roberts University and an M.B.A. from Oklahoma State University. He has provided financial planning and investment advice since 2002 and joined Disciplined Investments, LLC as a wealth manager in 2006. Adam is an employee of HoganTaylor LLP. He receives no compensation for client referrals to HoganTaylor LLP.

### Mathew R. Bacon:

Matt was born in 1975 and received a B.S. degree in finance from the University of Oklahoma. He has provided financial planning and investment advice since 1997 and joined Disciplined Investments, LLC as a wealth manager in 2009. Matt is an employee of HoganTaylor LLP. He receives no compensation for client referrals to HoganTaylor LLP.

### B. Scott Logan:

Scott was born in 1968 and received a B.A. degree in economics from Vanderbilt University. He has provided financial planning and investment advice since 1996. Scott worked at his firm Asset Planning Solutions, LLC since 2002 and joined Disciplined Investments, LLC as a wealth manager in 2017. Scott is an employee of HoganTaylor LLP. He receives no compensation for client referrals to HoganTaylor LLP.

*Austin B. Bryan:*

Austin was born in 1987 and received his B.S. degree in accounting from Harding University. He has provided financial planning and investment advice since 2013 and joined Disciplined Investments, LLC as a senior advisor in 2019. Austin is an employee of HoganTaylor LLP. He receives no compensation for client referrals to HoganTaylor LLP.

*Phuong Uyen Hoang "Annie" Tran:*

Annie was born in 1976 and received her B.S. degree in accounting from the University of Oklahoma. She has over 15 years of experience as a tax accountant and has been a senior advisor with Disciplined Investments, LLC since 2019. Annie is an employee of HoganTaylor LLP but receives no compensation for client referrals to HoganTaylor LLP.

*Brandon R. Biles:*

Brandon was born in 1995 and received a B.S. degree in Finance from Oklahoma State University in 2017. He joined Disciplined Investments, LLC in 2017 after working with Northwestern Mutual for 3 months. Prior to that, Brandon was a full-time student. Brandon became an Associate Advisor with DI in 2018.