

March 2023

## Introduction

**Fredric E. Russell Investment Management Co.** is a registered investment advisor governed by the U.S. Securities and Exchange Commission. We must understand how advisory and brokerage services and fees differ to determine which type of account is right for you. Free and simple tools are available to research firms and financial professionals at [www.investor.gov/CRS](http://www.investor.gov/CRS), which provides educational materials about investment advisors, broker-dealers, and investing.

### **What investment services and advice can you provide?**

Our focus is this: we invest in a small number of companies (a maximum of thirty). These companies must be domiciled in the United States or enjoy at least fifty percent of their revenues from U.S. operations. All clients have the same common stock holdings (some may have fewer than others because of the account size). We hold cash and United States treasury obligations, but only as temporary investments before further commitments are made to common stocks.

The Firm only offers **discretionary services** to all our clients. This means that the Firm has the legal power to buy and sell common stocks for any account without the permission or agreement of the client.

The Firm may offer annual performance reports to clients but is under no obligation to do so. Clients, however, can access their account information through Schwab Alliance and receive a monthly statement through this Schwab portal.

The client also understands that formulating the Firm's equity or common stock strategy is subjective. The Firm seeks to invest in companies it believes have competitive advantages, such as a large market share. There needs to be a universal and objective agreement on weighing the competitive advantages or what constitutes a competitive advantage in business discussed in the Firm's marketing literature. *For more detailed information on our investment strategy, please see our ADV Form Part 2A, available through our website, [www.ferimc.com](http://www.ferimc.com).*

***The minimum investment for an account is \$250,000.***

### **What fees and costs will I pay?**

The Firm charges an annual fee of 1% of the account's market value per annum, billed 0.25% every quarter. We will prorate this fee for any account not opened on the first day of a quarter.

When the client opens an account, the client gives the custodian the legal right to collect management fees, as described above, on behalf of the Firm.

There are no other fees, besides minor exceptions, except for the annual investment fee described above. Charles Schwab Co., Inc. may charge a small fee when investment activity is executed through its professional desk and possibly a fee for its treasury and cash equivalent fund. We prorate client accounts for our fee if the account is outside our management for the entire quarter.

Please make sure you understand what fees and expenses you are paying.

### **What are your legal obligations when acting as my investment advisor?**

The Securities and Exchange Commission requires that any broker or custodian, such as Schwab, report to the client(s) within 24 hours of any investment activity undertaken for the client(s) by an investment manager.

The relationship also assumes that the Firm undertakes no responsibility to discuss the rationale of any purchase, sale, or other decision that affects the Portfolio. Should the client wish to change any asset allocation in writing, it is up to the

client to let the investment manager know of such a change. If market values diverge from the client's asset allocation directive, the Firm is not obligated to rebalance the Portfolio unless instructed in writing.

Suppose the client initiates any investment activity in the Portfolio. In that case, the Firm has the right to liquidate any such purchase without notice to the client. The client will hold the Firm harmless for any loss incurred through such liquidation or sale. We do not encourage such client activity, as it confuses the Firm's responsibility and makes it challenging to measure investment performance. This is also true for any sale or investment activity the client initiates. Likewise, if the client transfers any securities into the account that the Firm manages, the Firm may sell such common stocks without notice to the client.

The client may terminate this relationship by giving the Firm or custodian written notice. Should the client end the relationship by instructing the custodian without notification to the Firm, through Charles Schwab, or any custodian that the client and the Firm may use, the Firm will become free of any responsibility for the account's management. It may subsequently bill the client of the report on the day of the delinking using values determined by Advent Software, FactSet, Yahoo Finance, or Charles Schwab & Co. to define the market value of the accounts. The Firm will impose a service charge of \$500 when such termination occurs, in addition to the management fee discussed below. Five business days after the client-initiated termination, the Firm may immediately liquidate all securities unless the client specifies in writing otherwise. In both cases, the Firm reserves the right to bill the client's account directly after termination, no matter what day such termination occurs, at one-quarter of one (1)%. The Firm will invoice the client for the entire month. So, in effect, the bill will be two-thirds of one-quarter of one (1)%, and the termination date is considered the date of delinking or upon written notice from the client of intent to terminate this contract.

### **How else does your Firm make money, and what conflicts of interest do you have?**

There are no other streams of income for the Firm. There are no conflicts of interest as further described in form ADV.

### **Do you or your financial professionals have a legal or disciplinary history?**

No, the Firm has no legal or disciplinary history. Free and simple tools are available to research firms and financial professionals at [www.investor.gov/CRS](http://www.investor.gov/CRS).

### **Additional Information**

Additional information about our investment services and this CRS form can be found at [www.ferimc.com](http://www.ferimc.com) and the SEC's website at [www.advisorinfor.sec.gov](http://www.advisorinfor.sec.gov). You can also contact our Firm at (918)-743-5959.

### **Questions to ask us?**

- Who is my primary contact person?
- Is he or she a representative of an investment advisor or a broker-dealer?
- Who can I talk to if I have concerns about how this person treats me?