

Item 1



**BROUGHTON**  
**INVESTMENT GROUP**

3730 Kirby Drive, Suite 600  
Houston, Texas 77098

Tel (713) 337-4500

Date of  
Brochure

March 12, 2023

**Primary Contact** - Summer Taufer, President, Chief Compliance Officer and Chief Operating Officer

**PART 2A OF FORM ADV: FIRM BROCHURE**

This brochure contains information about the qualifications and business practices of Paul K. Broughton. If you have any questions about the contents of this brochure, please contact us at (713) 337-4500 and/or [summer@broughtoninvestments.com](mailto:summer@broughtoninvestments.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 authorities.

While The Broughton Investment Group, Inc., is registered in the State of Texas, registration does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about The Broughton Investment Group, Inc., Inc. and Paul K. Broughton is also available on the SEC's website at [www.adviserinfo.sec.org](http://www.adviserinfo.sec.org)

## **Item 2 - Material Changes**

*This is the Broughton Investment Group, Inc.'s updated brochure as of the last annual updating amendment on 09/20/2022 and is prepared in accordance with the SEC's requirements and rules.*

*Changes to this brochure include the following:*

*The firm has added the following subsection to Item 4*

*Summer Taufer has replaced Anthony Ackerman as the President, Chief Compliance Officer and Chief Operating Officer of the firm.*

### **Provider of periodic information to clients**

The Broughton Investment Group, Inc., in its sole discretion will provide market information in the form of electronic communications periodically to its clients. This may include newsletters, emails, or hard copy mailings with relevant information for the clients regarding market conditions or information regarding The Broughton Investment Group, Inc.

*In the future, this page will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.*

*Pursuant to new SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.*

*We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.*

*Currently, our Brochure may be requested by contacting our office at (713) 337-4500. Additional information about The Broughton Investment Group, Inc. is also available via the SEC's website [www.adviserinfo.sec.org](http://www.adviserinfo.sec.org). The SEC's website also provides information about any persons affiliated with The Broughton Investment Group, Inc. who are registered, or are required to be registered, as investment adviser representatives of The Broughton Investment Group, Inc.*

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***This brochure contains 24 pages and should not be considered complete without all pages.***

#### **Item 4 – Advisory Business**

About The Broughton Investment Group, Inc. (The BIG, Inc.)

The Broughton Investment Group, Inc. (the “Firm”) is a Texas based Sub-Chapter S Corporation providing investment and wealth management services, financial planning services, and financial educational workshops (the “Services”) to individuals, high net-worth individuals, and small businesses. The Broughton Investment Group, Inc. offers its investment advisory services on a fee-only basis, which is charged, based upon assets under management. Prior to engaging The Broughton Investment Group, Inc. to provide any of the foregoing Services, the client will be required to enter into one or more written agreements setting forth the terms and conditions under which The Broughton Investment Group, Inc. shall render its Services (collectively the “Agreement”).

Paul K. Broughton, Chairman, Chief Executive Officer, founded The Broughton Investment Group, Inc. in March 2012. To this day, Mr. Broughton remains the Chairman and CEO, owning 100% of voting stock in The Broughton Investment Group, Inc. and remaining committed to providing the highest standard of services to clients. The Broughton Investment Group, Inc. spends 100% of its time engaged in providing Investment Advisory Services to clients.

We hold ourselves to a fiduciary standard, which means The Broughton Investment Group, Inc. will act in the upmost good faith and perform in a manner believed to be in the best interest of our clients.

#### **Our Services**

Because of The Broughton Investment Group, Inc.’s fee-only model, the Firm has the autonomy to act in the best interest of the client. “the Firm” takes the time to analyze the situation of each client and develop solutions tailored to each client’s needs. “the Firm” bases its portfolio strategy on the objectives, income needs and other special circumstances of each client. The Broughton Investment Group, Inc. seeks to create the optimal balance between reducing risk, asset growth, income, and preservation of capital. “the Firm” allocates its clients assets on a discretionary basis, which means “the Firm” will determine which securities and the amount of each security to be purchased or sold. Clients execute an agreement granting “the Firm”, Inc a limited power of attorney with full discretion to select investments and dollar amounts to be allocated to each investment, and to direct these investments through a third party broker and/or custodian. The advisor then selects investments, which are reasonably expected to achieve a client’s investment objectives, as established during the initial interview with the client.

The specifics of each client's portfolio are spelled out in the Advisory Agreement executed between the client and The Broughton Investment Group, Inc. In all cases, The Broughton Investment Group, Inc. utilizes its expertise to build customized portfolios using securities including, but not limited to, the following:

- Exchange Listed Stocks and Funds
- Securities Traded Over the Counter, including grey markets.
- Mutual Fund Shares, both equity and bond
- Corporate Bonds
- US Government Bonds
- Commercial Paper
- Certificate of Deposits
- Options on Securities
- Cash and cash equivalents

The Broughton Investment Group, Inc.'s main strategy is providing optimal investment advisory service to clients, including rigorously addressing each individual's specific needs. Because these needs evolve overtime, clients are advised to promptly notify the Firm if there are any changes in their financial situation that could materially impact the management of their portfolio.

#### **Financial Educational Workshops**

We may provide educational workshops on an "as announced" basis for groups desiring general advice on investments and personal finance. Topics may include issues related to wealth management, financial planning, retirement strategies, or various other economic and investment topics. Our workshops are educational in nature, and do not involve the sale of any investment products. Information presented is neither based on any one person's need nor do we provide individualized investment advice to attendees during our general sessions.

#### **Financial Planning and Investment Consultation Services**

Periodically, The Broughton Investment Group, Inc. may:

- Provide financial planning services that include tax planning, insurance planning, retirement planning and estate planning. Financial planning services may include consultations and/or written plans, which analyze the client's financial situation and make appropriate recommendations.
- Provide advice to clients on matters not involving securities and about securities not in a manner described above.

- Provide advice on and/or use the following, but not limited to, types of investments: Warrants, Commercial Paper, Certificates of Deposit, Investment Company Securities (Variable life insurance, variable annuities, mutual fund shares), and Option contracts

Should you wish to engage The Broughton Investment Group, Inc., we must first enter into a written Financial Planning Agreement; thereafter discussion and analysis will be conducted to determine your financial needs, goals, holdings, etc. Depending upon the scope of the arrangement, The Broughton Investment Group, Inc. may require current copies of the following documents early in the process:

- Wills, Codicils and Trusts;
- Insurance policies;
- Mortgage Information;
- Tax Returns;
- Current Financial specifics including W-2, 1099's;
- Information on retirement plans and benefits from your current employer; and
- Completed risk profile questionnaire or other forms provided by The Broughton Investment Group, Inc.

**Termination of services:**

Clients may be able to obtain similar services elsewhere at a lower cost and may terminate the advisory contract at any time upon written notice to The Broughton Investment Group, Inc. The advisory contract will remain in force until terminated by either party. There is no penalty or termination fee.

**Written Acknowledgement of Fiduciary Status**

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

**Provider of periodic information to clients**

The Broughton Investment Group, Inc., in its sole discretion will provide market information in the form of electronic communications periodically to its clients. This may include newsletters, emails, or hard copy mailings with relevant information for the clients regarding market conditions or information regarding The Broughton Investment Group, Inc.

**Assets Under Management:**

BIG has \$ 19,500,000 in discretionary assets under management as of December 2022.

**Item 5- Fees and Compensation**

**Hourly Fees**

The Client may engage The Broughton Investment Group, Inc. to employ its consultation services, which are provided to clients when, for advisory situations, the amount of time and resources cannot be clearly determined upfront, an hourly fee arrangement may be available. The hourly fee is up \$ 300.00 and is paid after the consultations. **This hourly fee is negotiable.**

**Asset-Based Fees**

Fees vary according to the size of the portfolio under management. The definition of portfolio includes but is not limited to, 401(k), 403 (b), variable life with cash values, cash and cash equivalents, individual stocks (securities), bonds, mutual and bond funds, fixed and variable annuities, gold, silver, and other commodities. Homestead, secondary homes and cars are exempt from such fee's describe heretofore. The fees are payable at the end of each month, in arrears. **All Asset-Based fees are negotiable**, and the fee schedule below is representative of the maximum allowed under this agreement.

The fee schedule is as follows and represents the **maximum fees** charged on an annual basis:

***The MAXIMUM fee schedule is as follows:***

***A – Assets inside retirement plans, 401(k), 403(b), 457 plans, Roth 401(k), variable annuities that have sub-accounts – variable, and variable life insurance that have sub-accounts - variable.***

<b><i>\$ 5,000.00 - \$ 1,000,000.00</i></b>	<b><i>1.00%</i></b>
<b><i>\$ 1,000,001.00 - \$ 2,500,000.00</i></b>	<b><i>0.85%</i></b>
<b><i>\$ 2,500,001.00 - \$ 5,000,000.00</i></b>	<b><i>0.65%</i></b>
<b><i>\$ 5,000,001.00 - \$ unlimited</i></b>	<b><i>0.55%</i></b>

***B – Assets managed at a third-part custodian, Scottrade Advisor Services, TD Ameritrade - Charles Schwab.***

<b><i>\$ 5,000.00 - \$ 500,000.00</i></b>	<b><i>2.50%</i></b>
<b><i>\$ 500,001.00 - \$ 1,500,000.00</i></b>	<b><i>2.00%</i></b>
<b><i>\$ 1,500,001.00 - \$ 3,500,000.00</i></b>	<b><i>1.75%</i></b>
<b><i>\$ 3,500,001.00 - \$ unlimited</i></b>	<b><i>1.50%</i></b>

The Broughton Investment Group, Inc., in its sole discretion, may charge a lesser management fee based upon client circumstance. The specific manner in which fees are charged by the Firm is established in the Firm’s Investment Management Agreement. The Broughton Investment Group, Inc. generally bills management fees on a monthly basis. Clients are billed in arrears, which means at the end of each month. Clients must make checks payable to The Broughton Investment Group, Inc. at the end of the calendar month. Management fees are prorated for each capital contribution and withdrawal made during the applicable calendar month. Accounts initiated or terminated during a calendar month will be charged a prorated fee. Upon termination of any account, any earned, unpaid fees will be due and payable within 10 business days from such termination.

The Broughton Investment Group, Inc. is compensated solely by its clients and does not receive any third party fees or commissions. The Broughton Investment Group, Inc.’s management fees listed in this document are separate from fees and charges imposed by custodians, brokers, third party investments including but not limited to fees charged by managers, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange-traded funds also charge internal management fees, which are disclosed in a fund’s prospectus. Such charges, fees, and commissions are exclusive of, and in addition to the advisory fees.

The Broughton Investment Group, Inc. or the supervised persons does not accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds. The Broughton Investment Group believes this practice presents a conflict of interest and gives the Firm or the supervised person incentive to recommend investment products based on the compensation received, rather than a client’s needs. All procedures for addressing this and other possible conflicts of interest are clearly explained in the Firms manual. The Broughton Investment Group may from time to time recommend various mutual funds, and will make every attempt to recommend “no-load” or “low-load” mutual funds when possible. However, The “Firm” will make every attempt to duplicate the investment without using “no-load” or “low-Load” mutual funds. Although, if some investment strategies might not be able to be duplicated using traditional stocks and/or bonds, the “Firm” will make every attempt to minimize the cost exposure for the “Client.” The Client reserves the right and option to purchase investment products that The Broughton Investment Group recommends through other brokers or agents that are not affiliated



with the Firm.

### **Financial Planning Fees:**

The Client may engage The Broughton Investment Group, Inc. to offer Financial Planning Services, and if the Client chooses, The Broughton Investment Group, Inc. reserves the right to maximum charge of \$ 7,000.00, with ½ payable upon execution of the Financial Planning Agreement, and the remaining balance due upon delivery of the Plan. The Broughton Investment Group, Inc. reserves the right to waive all financial planning fees depending on the Client's situation. **All Financial Planning fees are negotiable.**

### **Fixed Fees**

At The Broughton Investment Group, Inc.'s sole discretion, we may offer our services on a fixed fee basis, generally ranging from \$ 3,000 to \$ 7,000. The fee takes into consideration factors such as the complexity of the Clients financial profile; assets that comprise the overall portfolio The Broughton Investment Group, Inc. will provide advice, number of individual accounts comprising the portfolio, wither the Client or our firm will implement transactions for the account(s), among others, in addition to our firm being engaged for broad-based services. Therefore, fixed fees may be above or below the noted range, and is determined by the complexity of the engagement. **All Fixed fees are negotiable.**

### **Item 6 – Performance-Based Fees and Side-by-Side Management**

The Broughton Investment Group, Inc.'s fees will not be based upon a share of capital gains or capital appreciation (growth) of any portion of managed funds, also known as "performance-based fees." Performance-based compensation may create an incentive for a Firm to recommend an investment that may carry a higher degree of risk to a client. The Broughton Investment Group, Inc., does not use a performance-based fee structure because of the conflict of interest this type of fee structure may pose. Side-by-side management refers to a Firm simultaneously managing accounts that do pay performance-based fees (such as a hedge fund), and those that do not; this type of arrangement, and the conflict of interest it may pose, does not conform to The Broughton Investment Group, Inc. practices.

### **Item 7 – Types of Clients**

The Broughton Investment Group, Inc., Inc provides portfolio management services to individuals, high-net worth individuals, and small businesses of various scale to assist them in meeting their financial objectives in what is believed to be a cost-effective way. In addition, The Broughton Investment Group, Inc. provides services to entrepreneurs and professionals, including doctors, corporate executives, attorney, and CPAs. The Broughton Investment Group, Inc. generally requires a minimum of \$ 5,000 in investable assets to engage Services. The Broughton Investment Group, Inc., in its sole discretion, may negotiate or waive this minimum depending on the client circumstances.

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

### **Method of Analysis**

If we are engaged to provide investment advice, we will first gather and consider several factors, including the Client's:

- current financial situation;
- current and long-term needs;
- investment goals and objectives;
- level of investment knowledge; and
- tolerance for risk.

We make asset allocation and investment policy decisions based on these and other factors. We will then discuss with you how, in our best judgment, to meet your objectives while at the same time seeking a prudent level of risk exposure.

To achieve this, we typically employ a blend of fundamental and cyclical analysis to develop our investment strategies. This includes evaluating economic factors such as interest rates, current state of the economy, future growth of an issuer or sector, among others, as well as the ongoing review and estimation of price movement and an evaluation of a transaction before entry into the market in terms of risk and profit potential.

The Broughton Investment Group, Inc. develops solutions tailored to each client's needs including risk tolerance, income requirements, and other special circumstance. The Broughton Investment Group, Inc. seeks to create the optimal balance between maximizing returns, reducing risk, and preserving capital. Investing in marketable securities such as mutual and / or bond funds, stocks, bonds, and exchange- traded funds involves risk of loss that clients should be prepared to bear. The Broughton Investment Group, Inc. seeks to reduce risk through diversification and by constantly monitoring the client's portfolio valuations, income potential as well as the general business outlook and industry and corporate conditions.

Our research and recommendations may be drawn from several sources that include financial publications; investment analysis and reporting software; research materials from outside sources; corporate rating services; annual reports, prospectuses and other regulatory filings; and company press releases.

### **Investment Strategies**

Our investment advice incorporates principles of various strategies to best suit the clients' best interest. They are include, but are not limited to the following:

1 – Tactical Asset Allocation - Over the long run, a strategic asset allocation strategy may seem relatively rigid. Therefore, you may find it necessary to occasionally engage in short-term, tactical deviations from the mix to capitalize on unusual or exceptional investment opportunities. This flexibility adds a market timing component to the portfolio, allowing you to participate in economic conditions more favorable for one asset class than for others.

Tactical asset allocation can be described as a moderately active strategy, since the overall strategic asset mix is returned to when desired short-term profits are achieved. This strategy demands some discipline, as you must first be able to recognize when short-term opportunities have run their course, and then rebalance the portfolio to the long-term asset position.

2 - Dynamic Asset Allocation - Another active asset allocation strategy is dynamic asset allocation, with which you constantly adjust the mix of assets as markets rise and fall, and as the economy strengthens and weakens. With this strategy you sell assets that are declining and purchase assets that are increasing, making dynamic asset allocation the polar opposite of a constant-weighting strategy. For example, if the stock market is showing weakness, you sell stocks in anticipation of further decreases; and if the market is strong, you purchase stocks in anticipation of continued market gains.

3 - Modern Portfolio Theory (MPT), whose concepts are based on rigorous, long-term academic research. The major premises of MPT include:

- Markets are typically efficient (though not always rational); therefore, it may be difficult to gain a competitive edge by exploiting market anomalies.
- Risk and reward are highly correlated. Over time, assets of greater risk provide higher expected returns to compensate investors for accepting this level of risk.
- Adding high-risk, low-correlating asset classes to a portfolio can reduce volatility/risk while increasing expected rates of return.
- Proper diversification of a portfolio can maximize expected return for a certain level of risk; similarly, it can minimize risk for a certain expected rate of return.

The Broughton Investment Group, Inc. believes these investment policies are made in our best judgment to help the Client achieve the overall financial objectives while minimizing risk exposure. We believe that The Broughton Investment Group, Inc.'s strategies and investment recommendations are designed to potentially produce the highest possible return for a given level of risk, however, we cannot guarantee that an investment objective or planning goal will be achieved.

Some investment decisions may result in a loss, including potential loss of the original principal invested. Each client must be able to bear the various risks involved in the investment of account assets, which may include market, currency, interest rate, liquidity, operational or political risk, among others.

If our research and analysis is based upon commercially available software, rating services,

general market and financial information, or due diligence reviews, The Broughton Investment Group, Inc. is relying upon the accuracy and validity of the information or capabilities being provided by selected vendors, rating services, market data, and the issuers themselves. The Broughton Investment Group, Inc. makes a reasonable effort to determine the accuracy of the information received but we cannot predict events, actions taken or not taken, or the validity of all information researched or provided which may or may not affect the advice to a client or account.

When the client's portfolio employs a passive, efficient markets approach, you will need to consider the potential risk that at times your broader allocation may generate lower-than-expected returns than that from a specific asset, and that the return on each type of asset is a deviation from the average return for the asset class. The Broughton Investment Group, Inc. believe this variance from the "expected return" is generally low under normal market conditions if the portfolio is made up of diverse, non-correlated assets.

If The Broughton Investment Group, Inc. is asked to engage more in active investment management strategies for the account(s), at times, the account may outperform or underperform various benchmarks or other strategies. In an effort to meet or surpass these benchmarks, active portfolio management may require more frequent trading or "turnover" within an account. This may result in shorter holding periods, higher transactional costs and/or create taxable events that will be borne by the Client, and thereby potentially reducing or negating certain benefits that may be derived by shorter term investing.

### **Security Specific Material Risks**

The Client will need to keep in mind that investment vehicles such as ETFs and indexed funds have the potential to be affected by "tracking error risk," which might be defined as a deviation from a stated benchmark (index). Since the core of a portfolio may attempt to closely replicate a benchmark, the source of the tracking error (deviation) may come from a "sample index" that may not closely align the benchmark. In these instances, we may choose to reduce the weighting of a holding or use a "replicate index" position as part of the core holding to minimize the effects of the tracking error in relation to the overall portfolio.

While there, is a broad range of UITs, most include equity and fixed income instruments that are similar to that of open-ended mutual funds. Therefore, the general risks associated with equity and fixed income investments (or mutual funds) are similar to those involving UITs. Additionally, an investor of UITs should consider the fact that they generally contain their original selection of securities, do not have ongoing investment management, and may be subject to greater market fluctuation than an actively managed holding. Furthermore, there is the chance of liquidity risk if there is limited demand for the UIT should the investor desire to sell the holding prior to its maturity.

Many index funds and exchange traded funds (ETF) are known for their potential tax-

efficiency and higher “qualified dividend income” (QDI) percentages; there are certain asset classes or holding periods within a fund or ETF that may not benefit. Shorter holding periods or certain commodities and currencies (potentially within the fund/ETF) may be considered nonqualified, therefore the investments QDI will be considered if tax efficiency is an important aspect of the Clients portfolio.

### **Item 9 – Disciplinary Information**

The Broughton Investment Group, Inc., Paul K. Broughton, has not been involved in a reportable material criminal or civil action, administrative enforcement, or self-regulatory organization proceedings that would reflect upon The Broughton Investment Group, Inc.’s advisory business or the integrity of The Broughton Investment Group, Inc. Neither The Broughton Investment Group nor Paul K. Broughton, Sr. are subject of any pending criminal proceedings that involve investment related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses.

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

The Broughton Investment Group, Inc. does not have any formal relationship or arrangement, or pending application to register, as a broker-dealer or a registered representative of a broker-dealer. The Broughton Investment Group, Inc. does not have any formal relationship or arrangements /affiliations (oral or written) in the financial industry that is material to its advisory business or its clients in terms of creating conflicts of interest.

The Broughton Investment Group or Paul K. Broughton, Sr. does not have a pending application to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities. The Firm and Paul K. Broughton, Sr. do not plan to in the future.

The Broughton Investment Group, Inc. receives no cash benefit, including commissions, directly or indirect from any party in connection with its clients’ accounts. The Broughton Investment Group, Inc. may receive access to certain Custodians’ proprietary account management and data transmission services to enable The Broughton Investment Group, Inc. to trade clients’ accounts electronically. Custodians of The Broughton Investment Group, Inc. clients’ may also provide The Broughton Investment Group, Inc., with educational and compliance material, such as newsletters and access to seminars.

Matthew Baxter Howie is the Co-owner of Cammed Goods. Small business manufacturing probiotics and other consumables.

Juan Antonio Barrientos is the owner of Vex Capital Group.

## **Item 11 – Code of Ethics**

The Broughton Investment Group, Inc. has adopted a Code of Ethics for all supervised persons of The Broughton Investment Group, Inc., which describes its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of or giving of significant gifts and the reporting of certain gifts and business entertainment items, personal securities' trading procedures, among other things. All supervised persons at The Broughton Investment Group, Inc. must acknowledge the terms of the Code of Ethics annually, or as amended by The Broughton Investment Group, Inc.

All supervised persons associated with The Broughton Investment Group, Inc., are required to follow its Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of The Broughton Investment Group, Inc. and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for The Broughton Investment Group, Inc.'s clients. The Code of Ethics is designed to ensure that the personal securities transactions, activities and interests of the employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

The Code of Ethics requires pre-clearance of many transactions and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between the Firm and its clients. We recognize that should we act as the advisor to the sponsor of an ERISA-qualified retirement plan (i.e., 401 (K) or pension plan) and one of our associates serves in an advisory capacity to one or more of the plan's participants, a potential conflict of interest may occur. We may require our associate to cease in this plan participant advisory capacity or, upon disclosure to and approval from the plan sponsor, allow the dual advisory role to continue with consideration being made to offset certain fees where appropriate.

## **Privacy Policy Statement**

We respect the privacy of all our clients and prospective clients; both past and present. We recognize that you have entrusted us with non-public personal information, and it is important to the Broughton Investment Group that all employees and clients of the Firm know our policy concerning what we do with that information. We collect personal information about our clients from the following sources:

- Information our clients provide to us to complete their financial plan or investment recommendation;
- Information our clients provide to us in agreements, account applications, and other documents completed in connection with the opening and maintenance of their accounts;
- Information our clients provide to us orally, and;
- Information we may receive from service providers, such as custodians, about client transactions.

We do not disclose non-public personal information about our clients to anyone, except in the following circumstances:

- When required to provide services our clients have requested;
- When our clients have specifically authorized us to do so;
- When required during the course of a firm assessment (i.e. independent audit), or;
- When permitted or required by law (i.e., periodic regulatory examination).

Within the Firm, we restrict access to client information to staff that need to know that information. All personnel and our service providers understand that everything handled in our office is confidential and they are instructed to not discuss client information with someone else that may request information about an account unless they are specifically authorized in writing by the client to do so. This includes, for example, providing information about a spouse's IRA account; children about parents' accounts, etc.

To ensure security and confidentiality, we maintain physical, electronic, and procedural safeguards to protect the privacy of client information. The Firm will notify you annually of our privacy policy and at any time, in advance, if our policy is expected to change.

### **Item 12 – Brokerage Practices**

The Broughton Investment Group does not maintain custody of the Clients' assets for which we provide our investment advisory and supervisory services, although we may be deemed to have custody of your assets if you give the Firm is given authority to withdraw assets (i.e. advisory fees) from your account (see Item 15). Your assets must be maintained in an account at a "qualified custodian," generally a broker/dealer or bank (service provider).

The Broughton Investment Group, Inc. may use its discretion in choosing the broker for a particular trade based on commission rate, financial responsibility, quality of execution, and other factors. Brokers utilized by The Broughton Investment Group, Inc. charge varying discounted commission rates to clients which the advisor considers reasonable relative to market rates. Brokers utilized by The Broughton Investment Group, Inc. charge commission rates, which are generally, lower than most full-service brokerage Firms. Clients can designate a broker, designate an affiliated broker, or leave selection of broker to the advisor. If the

Client designates the affiliated broker, the affiliated broker provides custodial services.

The Broughton Investment Group does not receive Research and/or Soft Dollar benefits from broker-dealers or third party vendors in connection with clients securities transactions (“soft dollar benefits”). The Broughton Investment Group, Inc. may recommend discount brokers which may provide certain services to the advisor including receipt of duplicate client confirmations; access to a trading desk serving advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then to allocate the appropriate shares to client accounts); the ability to have advisory fees deducted 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, technology, and practice management products or services provided to The Broughton Investment Group, Inc. by third party vendors. These services received by the advisor do not depend on the amount of brokerage transactions directed to the broker.

If the Client designates a non-affiliated broker or does not designate a broker, the Client may be responsible for custodial fees. From time to time brokerage transactions may be placed with brokers who provide services, which could be defined as non-research, e.g. stock bond quotation services. The client is under no obligation to select a specific broker-dealer in order to retain the services of the advisor. Other than the above services outlined, The Broughton Investment Group, Inc. receives no additional benefits directly or indirectly.

### **Item 13 – Review of Accounts**

Accounts are monitored continually by the supervised person, Summer Taufer who review the overall asset allocation and individual holdings for each client’s portfolio on a continuing basis. Specific client request for funds and market conditions will also trigger additional reviews. Clients will receive copies of confirmations and activity reports, which are sent out at least monthly. The Broughton Investment Group, Inc. urges clients to carefully review their monthly statements for changes and new holdings in their account. In addition, all clients should maintain their statements in a safe place and contact Summer Taufer and/or The Broughton Investment Group, Inc. if there are any changes or updates in client’s financial situation, which would materially affect the overall asset allocation.

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

The Broughton Investment Group, Inc. does not make or accept referral fees, compensation, or remuneration when a prospect or client is referred to it or when The Broughton Investment Group, Inc. refers a client to another professional. In the normal course of business, from time to time, The Broughton Investment Group, Inc. or any of its management persons may accept referrals from and provide referral to its professional acquaintances such as lawyers, accountants, life insurance agents, or mortgage consultations.



### **Item 15 – Custody**

The Broughton Investment Group, Inc. does not believe that we have custody of client assets, according to the Rules and Regulations, the Firm does not, in fact, maintain custody of client assets pursuant to the definition provided in CHAPTER 116, INVESTMENT ADVISERS AND INVESTMENT ADVISER REPRESENTATIVES, RULE §116.17. All assets are held at qualified custodians, other broker dealers, or mutual fund companies directly. The Broughton Investment Group, Inc. may recommend discount brokers for client accounts and custody which may provide certain services to The Broughton Investment Group, Inc. including receipt of duplicate client confirmations; access to a trading desk serving other advisor Firms; 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 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, technology, and practice management products or services provided to The Broughton Investment Group, Inc. by third party vendors. These services received by the advisor do not depend on the amount of brokerage transactions directed to the broker.

Clients should receive at least quarterly statements from the broker-dealer, or other qualified custodian that holds and maintains client's investment assets. The Broughton Investment Group, Inc. urges clients to carefully review such statements and compare such official custodial records to the account statements, which The Broughton Investment Group, Inc. may provide. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

### **Item 16 – Investment Discretion**

The Broughton Investment Group, Inc. accepts discretionary authority to manage accounts on behalf of clients with execution of a limited power of attorney for this authority. Clients may revoke this authority at their discretion. Discretionary authority from the client at the outset of an advisory relationship gives The Broughton Investment Group, Inc. the ability to select the identity and amount of securities to be bought or sold as well as the broker to be used for such transactions. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for each client account and executed Agreement.

### **Item 17 – Voting Client Securities**

Proxy votes are relatively common, especially when a shareholder cannot personally attend the annual meeting of a publicly traded corporation. It is The Broughton Investment Group, Inc.'s policy NOT to vote proxies relating to client securities. Generally, a client will receive proxy material directly from their custodian.

### **Item 18 – Financial Information**

The Broughton Investment Group, Inc. has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.

### **Item 19 – Requirement of State-Registered Advisers**

Mr. Broughton has never been found liable in an arbitration claim or civil, self-regulatory organization or administrative proceeding. He has never been subject to a bankruptcy proceeding. Neither Mr. Broughton nor The Broughton Investment Group, Inc. is compensated for performance-based fees, which would create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the Client.

The Broughton Investment Group, Inc. or Mr. Broughton does not have any relationship or arrangement with any issuer of securities.

**\*For further information, please refer to the ADV Part 2B – Brochure Supplement**



**1707 West Sam  
Houston Parkway  
South  
Houston, Texas  
77042  
832-581-7781**

This brochure supplement provides information about Paul K. Broughton, Sr. that supplements The Broughton Investment Group's Firm brochure. You should receive a copy of that brochure. Please contact the chief compliance officer, Summer Taufer at (713) 337-4500 if you did not receive The Broughton Investment Group, Inc.'s brochure or if you have any questions about the contents of this supplement.

Additional information about Paul K. Broughton, Sr. (CRD # 2935732) is available on the SEC's website at [www.adviserinfo.gov](http://www.adviserinfo.gov)

**Principal Executive Officer: Paul K. Broughton, Sr.**

#### Firm Information

The Broughton Investment Group, Inc.  
3730 Kirby Drive, Suite 600  
Houston, Texas 77098  
(713) 337-4500  
[paul@broughtoninvestments.com](mailto:paul@broughtoninvestments.com) [www.thebroughtoninvestmentgroup.com](http://www.thebroughtoninvestmentgroup.com)

### **Chief Executive Officer/Founder/Director/Investment Advisor Representative**

Paul K. Broughton, MSFS [born 1971] Owner  
and Chief Executive Officer

#### **Item 2 – Educational Background and Business Experience**

Mr. Broughton is Chief Executive Officer and founding member of The Broughton Investment Group, Inc. He began his career in 1991 with G & B International Corp. trading and selling coffee from Guatemala. He then joined Hantex Marine Company in 1995, to serve as their internal finance officer, where he quickly learned valued lessons in the international investment and financial community; in 1997, he joined American Express Financial Advisors, a company dedicated to serving individuals with financial planning and investment advice. In 1999, GE Financial, a subsidiary of GE Capital, hired him. The company eventually evolved to form, Genworth Financial in 2005 with GE Capital owning majority interest until 2008. He continued to work for Genworth Financial until February 2011. He decided to form his own investment firm, The Broughton Investment Group, Inc., in March 2012.

Mr. Broughton attended Saint Thomas College Preparatory High School. After high school, Mr. Broughton attended the University of Houston, where he studied general business management in the baccalaureate program at the College of Business. After graduation, Mr. Broughton continued his studies, and as of July 16, 2015, Mr. Broughton was conferred the (MSFS) Master of Science in Financial Services (\*6) from the Institute of Business & Finance. In summation, Mr. Broughton earned the following at the Institute of Business & Finance: (CIS) Certified Income Specialist (\*1), (CFS) Certified Fund Specialist (\*2), (CTS) Certified Tax Specialist (\*3), (CAS) Certified Annuity Specialist (\*4) (CES) Certified Estate & Trust Specialist (\*5). He currently holds the Series 65, and Series 63, and in past years, held the Series 7 and General Lines Insurance licenses while at American Express Financial Advisors and GE Capital, which later became, Genworth Financial Securities Corp. He is an active member of the University of Houston, St. Thomas High School, and the IBF Alumni Associations. In addition, he is a proud member of the Rotary Club - West, and various political organizations.

#### **Item 3 – Disciplinary Information**

Mr. Broughton has not been the subject of any legal or disciplinary events.

#### **Item 4 – Outside Business Activities**

Mr. Broughton is not actively or passively engaged in any other investment- related business or occupation. However, Mr. Broughton provides financial bookkeeping for a small marine supply business, which he owns a minority interest of 20%, and devotes no more than five (5) hours per seven (7) day period. He receives hourly pay as a 1099 contractor. No conflict of interest is present or will arise from this part-time duty and does not affect his ability to

provide full-time management to his investment advisory duties for his clients.

Mr. Broughton also owns a 100% interest in the restaurant Cantina Laredo in Houston and devotes no more than five (5) hours per seven (7) day period. No conflict of interest is present or will arise from this part-time duty and does not affect his ability to provide full-time management to his investment advisory duties for his clients.

Mr. Broughton also owns a 51% interest in PADNA Land Management, a small real estate investment company, and devotes no more than five (5) hours per seven (7) day period. No conflict of interest is present or will arise from this part-time duty, and does not affect his ability to provide full-time management to his investment advisory duties for his clients.

### **Item 5 – Additional Compensation**

Mr. Broughton does not receive additional compensation beyond his salary for providing investment advisory services and the aforementioned bookkeeping duties/employment

### **Item 6 – Supervision**

Mr. Paul K. Broughton, Sr., is The Broughton Investment Group, Inc.'s Owner and CEO. Mr. Broughton's investment advisory activities are self-supervised and dictated by The Broughton Investment Group, Inc.'s Manual that outlines all the policies and procedures that are considered best practices in the industry and address requirements per applicable state law of Texas, where The Broughton Investment Group, Inc. is registered. For any questions regarding this subject, please call Ms. Summer Taufer @ (713) 337-4500 or via email at [summer@broughtoninvestments.com](mailto:summer@broughtoninvestments.com). Questions relative to The Broughton Investment Group, Inc., services or this ADV Part 2 may be made to the attention of Ms. Summer Taufer at (713) 337-4500. Additional information about The Broughton Investment Group, Inc., other advisory firms, or associated investment adviser representatives, including Mr. Paul K. Broughton, is available on the internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). A search of this site for firms or their associated personnel can be accomplished by name or a unique firm identifier, known as an IARD number.

The IARD number for The Broughton Investment Group, Inc. is 164389. The business and disciplinary history of an investment advisory firm and its representatives may also be obtained by calling the Texas State Securities Board at (512) 305-8300.

#### **\*1 – Certified Fund Specialist (CFS)**

*Prerequisites: 2,000 hours or more work experience in the financial services industry and a bachelor's degree.*

*Required Study Hours: 135 hours with one year to complete; and one (1) year of extensions may be purchased for an additional fee.*

*Graduation Requirements: Three multiple choice exams one every 2 modules, 50 questions per exam*

and must have a proctor. Completion of a case study (one page fact pattern about a hypothetical client); a signed Code of Ethics & Standards of Practice; and a completed student survey for quality assurance.

\*2 – Certified Income Specialist (CIS)

Prerequisites: 2,000 hours or more work experience in the financial services industry and a bachelor's degree. Required Study Hours: 135 hours with one year to complete; and one (1) year of extensions may be purchased for an additional fee.

Graduation Requirements: 3 multiple choice exams one every two modules; 50 questions per exam; and must have a proctor. Completion of a case study (one page fact pattern about a hypothetical client); a signed Code of Ethics & Standards of Practice; and a completed student survey for quality assurance.

\*3 – Certified Tax Specialist (CTS)

Prerequisites: 2,000 hours or more work experience in the financial services industry and a bachelor's degree. Required Study Hours: 135 hours with one year to complete; and one (1) year of extensions may be purchased for an additional fee.

Graduation Requirements: 3 multiple choice exams one every two modules; 50 questions per exam; and must have a proctor. Completion of a case study (one page fact pattern about a hypothetical client); a signed Code of Ethics & Standards of Practice; and a completed student survey for quality assurance

\*4 – Certified Annuity Specialist (CAS)

Prerequisites: 2,000 hours or more work experience in the financial services industry and a bachelor's degree. Required Study Hours: 135 hours with one year to complete; and one (1) year of extensions may be purchased for an additional fee.

\*5 – Certified Estate & Trust Specialist (CES)

Prerequisites: 2,000 hours or more work experience in the financial services industry and a bachelor's degree. Required Study Hours: 135 hours with one year to complete; and one (1) year of extensions may be purchased for an additional fee.

\*6 – Master of Science in Financial Services (MSFS) - MSFS Requirements

*Education and Experience:*

Admission to the IBF graduate program is welcomed from candidates with a Bachelor's degree from an accredited college or university. The student should also have a minimum of five (5) years experience in the financial industry. In order to demonstrate this competence, students must pass a series of examinations, culminating in a financial planning capstone course. MSFS graduates are expected to be proficient in: topical knowledge, meaningful analysis, strategies, presentation plus implementation and review. The MSFS degree program consists of the following graduate courses:

MS500 - Certified Fund Specialist® (CFS®)  
MS510 - Certified Annuity Specialist® (CAS®)  
MS520 - Certified Estate and Trust Specialist™ (CES™)  
MS530 - Certified Tax Specialist™ (CTS™)  
MS540 - Certified Income Specialist™ (CIS™)  
MS600 - Financial Planning  
MS610 - Investments

MS620 - Real Estate  
MS630 - Portfolio Management  
MS640 - Insurance  
MS650 - Retirement Plans & Employee Benefits  
MS700 - The Financial Plan

\*7 – Certified Financial Planner® (CFP)

The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”). The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification.

It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 68,000 individuals have obtained CFP® certification in the United States. To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements: Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board’s studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor’s Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board’s financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning; Examination – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one’s ability to correctly diagnose financial planning issues and apply one’s knowledge of financial planning to real world circumstances; Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and Ethics – Agree to be bound by CFP Board’s Standards of Professional Conduct, a set of documents outlining the ethical and practice standards for CFP® professionals. Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks: Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the Code of Ethics and other parts of the Standards of Professional Conduct, to maintain competence and keep up with developments in the financial planning field; and Ethics – Renew an agreement to be bound by the Standards of Professional Conduct. The Standards prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care.

This means CFP® professionals must provide financial planning services in the best interests of their clients. CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board’s enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

\*8 – Retirement Investment Certified Professional® (RICP)

The RICP® designation provides comprehensive instruction on building integrated and comprehensive retirement financial plans. A key focus is understanding, choosing, and executing a sustainable retirement income strategy from available resources—whether that means using systematic withdrawals from a portfolio, building an retirement income floor with bonds or annuities, or using a bucket strategy.

Required RICP Courses:

- HS 353 Retirement Income Process, Strategies & Solutions
- HS 354 Sources of Retirement Income
- HS 355 Managing the Retirement Income Plan

The program provides best practices in areas including:

- Social Security claiming
- Evaluating and addressing risks faced in retirement financial planning
- Choosing distributions from employer sponsored retirement financial plans

- Medicare and other health insurance choices
- Planning for long-term care needs
- Choosing appropriate housing
- Retirement income tax and legacy planning

\*9 – Master of Business Administration (MBA)

*The core course of an MBA program cover various areas of business administration such as accounting, applied statistics, human resources, business communication, business ethics, business law; business strategy, finance, managerial economics, management, entrepreneurship, marketing, supply-chain management, and operations management in a manner most relevant to manage analysis and strategy..*

*Key Courses:*

- MBA 6360 Ethics and Professional Standards
- MBA 6362 Financial Forecasting and Behavioral Finance
- MBA 6367 Investment Management Statistics

\*10 – Certified Insurance Service Representative® (CISR)

*The CISR Designation is a nationally recognized designation program. It is a practical program that stresses the understanding and analysis of risk and exposures. The designation, offered by the Insurance Institute of America, consists of eight exams covering topics such as risk management, business law, insurance operations, financial planning and property-liability insurance. Designees must complete five of nine courses and pass the corresponding exams for each class within three calendar years. Once you attain the CISR designation, there is an annual continuing education update requirement to maintain the designation each year.*