



5718 Westheimer, Suite 950  
Houston, TX 77057

713-735-9217  
kdurham@tristar.us  
www.tristaradvisor.com

March 2012

This brochure provides information about the qualifications and business practices of Tri-Star Advisors, Inc. If you have any questions about the contents of this brochure, please contact us at 713-735-9217 or [www.tristaradvisor.com](http://www.tristaradvisor.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Tri-Star Advisors, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Material Changes**

Since the last annual amendment of the Form ADV, which occurred in March 2011, the following material changes have occurred:

November 2011: Tri-Star Advisors, Inc. enacts most of its fixed income trades through its affiliated broker/dealer, Tri-Star Financial. These trades are completed as principal trades by Tri-Star Financial, in which the bonds are marked up before selling to clients, or marked down when buying from clients. All required disclosures to and consents from clients are completed before each principal transaction by Tri-Star Advisors. Please see the Other Financial Industry Activities and Affiliations section for more details.

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## ADVISORY BUSINESS

### Advisory Firm Description

Tri-Star Advisors, Inc. ("TSA" or the "Firm") has been in business since November 2009. The principal owners are William Thomas Payne and Jon Carter Vaughan.

### Types of Advisory Services

TSA provides a "managed account service" to individuals and entities wanting portfolio management. TSA also provides its "self-directed retirement plan asset management program" to plan sponsors requiring assistance with managing their retirement plans and educating the plan participants.

First, TSA meets with clients to determine the client's investment objective. Then TSA places trades in the client's account, choosing investments which TSA personnel believe to be appropriate for that client. Recommended investments may include cash, bonds, exchange traded funds (ETFs), mutual funds and stocks, with selection of specific securities providing proper diversification in order to meet the client's stated investment objectives. Individual securities are selected to achieve the desired balance between expected risk and expected return.

TSA's managed account service includes:

- Selecting investments and executing trades.
- Selecting and monitoring sub-advisors when appropriate.
- Periodic reporting.
- Re-balancing the portfolio when appropriate.
- Re-allocating the portfolio due to client's investment objectives or investment strategy due to changes in economic or market conditions.
- Tax loss harvesting (where applicable).

TSA's self-directed retirement plan asset management program includes:

- Providing participant investment education services.
- Providing mutual fund analysis, objective selection and ongoing evaluation.
- Actively managing asset allocation within portfolios.
- Investing plan assets in accordance with the investment strategy.
- Monitoring performance of all selected assets or portfolios.
- Recommending changes when appropriate to any of the above.
- Preparing and presenting appropriate reports and handouts to sponsors and/or investment committees.

### Client Assets Under Management

At December 31, 2011, TSA had \$150,782,690 of discretionary assets under management.

## FEES AND COMPENSATION

### Managed Account Fees

Compensation is provided to TSA for managed accounts by charging a percent of assets under management. The fee is a percentage of the market value of all assets in the client's account as valued by the custodian at the close of market on the last trading day of each calendar quarter. The management fee is payable quarterly in advance according to the following schedule and is usually deducted from the client's account. Otherwise a client may instruct TSA to invoice the client, in which case the fee is due within 30 days of the invoice date.

<u>Portfolio Assets</u>	<u>Quarterly</u>	<u>Annually</u>
Less Than \$500,000	.3750%	1.50%
\$500,001 – \$1,000,000	.3125%	1.25%
\$1,000,001 – \$3,000,000	.2500%	1.00%
Over \$3,000,000	.1875%	.75%

Accounts in the same household will be aggregated to attain the lowest fee possible. The above fees are negotiable.

Certain clients of TSA with pre-existing relationships may initially be charged fees which are less than those shown above. Quarterly fees may be less for certain employee or family accounts, depending on a number of factors including portfolio size, length of employment and relationship to the employee. Clients receiving the same service from TSA may be paying different fees.

The investment advisory agreement will continue in effect until terminated by either party by written notice to the other. Upon termination, any uncollected fees and expenses will be deducted from the account and the client will receive a refund of a prorated portion of the pre-paid advisory fee.

### Retirement Plan Fees

The investment advisory fee is calculated as of market close of the last business day of each calendar quarter by charging according to the following fee schedule. These fees are usually deducted directly from the plan account, are charged in advance and are negotiable.

<u>Portfolio Assets</u>	<u>Quarterly</u>	<u>Annually</u>
\$0 – \$2,500,000	.25000%	1.00%
\$2,500,001 – \$5,000,000	.18750%	.750 %
\$5,000,001 – \$10,000,000	.15000%	.600%
\$10,000,001 – \$25,000,000	.12500%	.500%
\$25,000,001 – \$40,000,000	.01000%	.400%
\$40,000,001 – \$65,000,000	.07500%	.300%
\$65,000,001 – \$100,000,000	.05000%	.200%
Over \$100,000,000	.03750%	.150%

Additional expenses incurred by TSA for investment-related services will be billed to the plan separately. In the event of termination of this agreement, the fee will be adjusted, on a pro rata basis, to charge only for the portion of the final quarter in which termination occurs. A refund of prepaid unearned fees will be sent to the account or the client in a timely manner.

### **General Discussion Concerning Fees**

Billing of investment management fees will commence at the start of the first quarter after the client's money has been invested by TSA. To the extent that the initial investment occurs in a month that is not the quarter-end, the client will be billed in advance on a pro rata basis, using the account value at the month-end in which the investment occurred as the basis for the fee calculation. Lower fees for comparable services may be available from other sources.

To the extent mutual and money market funds are selected to fill components of the overall investment strategy, the annual advisory fee shown above does not include the customary fees and expenses associated with investing in mutual or money market funds or other costs of establishing and maintaining an account with mutual funds, including Rule 12b-1 fees and expenses. The client is advised that, in addition to the annual advisory fee shown above, each mutual or money market fund in which assets are invested will incur separate investment advisory fees and other internal expenses for which the client will bear a proportionate share. These fees are fully disclosed in each fund's prospectus which is provided to each client by the account custodian.

Transaction fees, exchange fees, custodial fees and other such fees are paid directly by the client account to the broker or custodian and are in addition to the investment management fees listed above.

### **Additional Compensation**

TSA has an affiliate, Tri-Star Financial, which is a registered broker/dealer, with which TSA personnel are registered representatives. Thus, TSA may place trades for its clients through this affiliated broker/dealer, which then collects markups for those trades. A portion of these markups is paid to TSA personnel who are also TSF registered representatives. Additionally, TSA personnel who are owners of the broker/dealer also share in the profits of the broker/dealer which come partly from these markups. This affiliation with a broker/dealer creates a conflict of interest with clients, to the extent that TSA personnel may be recommending investments from which those same persons benefit.

Clients have the option to purchase investment products recommended by TSA personnel through other broker/dealers that are not affiliated with TSA. Some TSA personnel receive more than 50% of their total compensation from markups on investments they recommend to TSA clients. TSA advisory fees are not reduced to offset the markups charged to TSA clients by Tri-Star Financial.

Please refer to the section titled Other Financial Industry Activities and Affiliations for more information.

## **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

TSA does not charge any of its clients performance-based fees, so this section does not apply.

## **TYPES OF CLIENTS**

TSA provides investment supervisory services and manages investment advisory accounts for:

- Individuals
- High net worth individuals
- Pension and profit sharing plans (other than plan participants)
- Corporations or other business not listed above
- Charitable organizations
- Insurance companies

TSA recommends a minimum account size of \$250,000. This amount is negotiable depending upon the nature of the relationship, potential for growth and other factors weighed by the associate.

## **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

TSA uses a combination of the following types of analysis in evaluating investments for client accounts:

- Fundamental—Analysis of financial attributes of a company, such as revenue growth, debt to equity ratio, inventory turnover, etc.
- Cyclical—Analysis based on business, industry, calendar or historical cycles

Investment strategies for separately managed accounts are structured to meet each client's objective. Asset allocation is the major differentiation between strategies. Diversification is accomplished within asset categories by varying sectors, time horizons and income production. Risks vary accordingly, although all accounts are subject to market risk. Investing in securities involves risk of loss that clients should be prepared to bear. TSA places a majority of its client assets in the fixed income market, which traditionally has held less risk than the equity market. In the past few years, credibility of credit rating agencies has been questioned in light of considerable conflicts of interest and state and municipal entities are threatening bankruptcy. Risks inherent in the fixed income market, therefore, have increased.

TSA uses the following sources of information in its analysis:

- Financial newspapers and magazines
- Research materials prepared by others
- Corporate rating services
- Timing services

- Annual reports, prospectuses, filings with the Securities and Exchange Commission
- Company press releases

## **DISCIPLINARY INFORMATION**

Currently there are no reportable disciplinary actions taken against TSA, its personnel or its affiliates to date that would be material to a prospective client.

## **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Tri-Star Advisors utilizes the services of Tri-Star Financial for fixed income analysis, support and trade execution. Tri-Star Financial is an affiliated broker/dealer (sharing most of the same owners as TSA), is registered with the U.S. Securities & Exchange Commission and is also a member of the Financial Industry Regulatory Authority (FINRA). Broker/dealer services in fixed income comprise 100% of Tri-Star Financial's business.

Tri-Star Advisors shares office space and overhead with Tri-Star Financial. The expenses associated with this operating environment are incurred by both parties on a hard-dollar basis. Neither firm maintains any soft-dollar relationships. Officers of Tri-Star Advisors are and/or may be officers and/or owners of Tri-Star Financial. Registered Representatives of Tri-Star Financial are and/or may be Advisory Representatives of Tri-Star Advisors and vice versa. In the event TSA places transactions with Tri-Star Financial, TSA personnel may be placing themselves in a material conflict of interest position with TSA clients. As such, all TSA clients are advised in the Investment Advisory Agreement that transactions may be introduced to Tri-Star Financial, and each agreement clearly defines whether that client pays trade commissions or markups to Tri-Star Financial.

Each principal trade enacted by TSA through TSF is disclosed to clients and requires client consent prior to settlement. In executing such transactions, it is Tri-Star Financial's policy to charge commissions that are (i) reasonable and fair relative to those charged by other brokers for comparable transactions involving similar securities at that time and (ii) not in excess of the rates Tri-Star Financial generally charges its brokerage clients. This is monitored by TSA personnel including the firm's Chief Compliance Officer.

Clients may pay both (i) a transaction fee or markup to TSF for a particular investment, and also (ii) an asset under management fee for that same asset to TSA. Since both Bill Payne and Jon Vaughan are owners of both TSA and TSF this creates a conflict with TSA clients. This conflict is fully disclosed before each principal transaction settles, and is monitored by TSA's Chief Compliance Officer to ensure compliance with requirements.

Messrs. Payne and Vaughan are officers, owners and registered representatives of Tri-Star Financial and spend approximately 50% of their time on the broker/dealer side of the business. Ms. Durham is also a registered representative of TSF and spends approximately 50% of her time on the broker/dealer side of the business.

An affiliate of TSA, Texas Annuity Group (which is owned jointly by Messrs. Vaughan and Payne), may offer insurance products to TSA advisory clients separate from TSA's advisory services. These insurance transactions generate compensation to the selling individual in the form of commissions and profitability accrues to the owners. This presents a material conflict of interest with TSA clients.

A new sub-advisor relationship was initiated in 2010, providing TSA with access to equity management for its clients requiring balanced portfolios.

## **CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **Code of Ethics**

TSA has adopted a Code of Ethics which describes the general standards of conduct that the Firm expects of all Firm personnel (collectively referred to as "employees") and focuses on three specific areas where employee conduct has the potential to adversely affect the client: misuse of nonpublic information; personal securities trading and outside business activities. Failure to uphold the Code of Ethics may result in disciplinary sanctions, including termination with the Firm. Any client or prospective client may request a copy of the Firm's Code of Ethics which will be provided at no cost.

The following basic principles guide all aspects of the Firm's business and represent the minimum requirements to which the Firm expects employees to adhere:

- Clients' interests come before employees' personal interests and before the Firm's interests.
- The Firm must fully disclose all material facts about conflicts of which it is aware between the Firm and its employees' interests on the one hand and client and the Firm's interests on the other.
- Employees must operate on the Firm's behalf and on their own behalf consistently with the Firm's disclosures and to manage the impacts of those conflicts.
- The Firm and its employees must not take inappropriate advantage of their positions of trust with or responsibility to clients.
- The Firm and its employees must always comply with all applicable securities laws.

### Misuse of Nonpublic Information

The Code of Ethics contains a policy against the use of nonpublic information in conducting business for the Firm. Employees may not convey nonpublic information nor depend upon it in placing securities trades, either for clients or on their own behalf.

### TSA's Personal Trading Policy:

- TSA personnel may not trade in personal accounts in anticipation of trades to be placed for clients.

- TSA personnel may trade in the same security simultaneously with clients (as long as the client obtains the same or better price) or the day after that security was purchased or sold on behalf of TSA clients. TSA requires its personnel to trade all personal securities trades through the TSF trading desk. Each personal trade and all trade reports are reviewed by the Chief Compliance Officer to ensure compliance with the Firm's policies.
- TSA personnel must receive pre-approval from the Chief Compliance Officer before participating in an IPO or a Private Placement.

#### Outside Business Activities

Employees are required to report any outside business activities generating revenue. If any are deemed to be in conflict with clients, such conflicts will be fully disclosed.

TSA conducts no proprietary trades for its own account.

Please see the section titled Other Financial Industry Activities and Affiliations for discussion of other interests in client transactions.

## **BROKERAGE PRACTICES**

### **Selecting Custodians and Broker/Dealers**

Tri-Star requires that its clients select qualified custodians to hold their managed accounts. A qualified custodian is a bona fide financial institution that sends at least quarterly statements directly to its clients. These statements should show all transactions during the reporting period and value of each asset at the period close.

TSA recommends clients open accounts with Fidelity Institutional, Charles Schwab & Co. ("Schwab") or Southwest Securities for the accounts TSA manages. When an account is located with Southwest Securities, Tri-Star Financial, TSA's affiliated broker/dealer, may serve as the introducing broker, effecting trades for clients and collecting the trade fees or markups from the account. TSA has selected Fidelity Institutional as a recommended custodian for its clients because of its discounted commission structure, the range of no-transaction fee assets available, the quality of service and its financial stability.

TSA has an arrangement with National Financial Services LLC and Fidelity Brokerage Services LLC (collectively, and together with all affiliates, "Fidelity") through which Fidelity provides TSA with "institutional platform services." The institutional platform services include, among others, brokerage, custody, and other related services. Fidelity's institutional platform services that assist TSA in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Fidelity also offers other services intended to help TSA manage and further develop its advisory practice. Such services include, but are not limited to, performance reporting, financial planning, contact management systems, third party research, publications, access to educational conferences, roundtables and webinars, practice management resources, access to consultants and other third party service providers who provide a wide array of business related services and technology with whom TSA may contract directly.

TSA is independently operated and owned and is not affiliated with Fidelity.

Fidelity generally does not charge its advisor clients separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Fidelity or that settle into Fidelity accounts (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity provides access to many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges.

TSA also participates in the Schwab Institutional (SI) services program offered to independent investment advisors by Charles Schwab & Company, Inc. ("Schwab"), a FINRA-registered broker-dealer. Clients in need of brokerage and custodial services will generally have Schwab recommended to them due to Schwab's:

- Discounted commission structure
- Arrangements with multiple mutual fund families to trade through Schwab
- Financial stability
- Provision of account information online to all clients
- Client service to TSA and its clients and
- Ease of reporting to TSA and its clients.

As part of the SI program, TSA receives benefits that it would not receive if it did not offer investment advice.

TSA recognizes its fiduciary duty to attain best execution for its client trades. As a general rule, TSA will select such brokers that can effect transactions at the best price and execution under the prevailing circumstances. TSA personnel may be putting themselves in a conflict of interest position when directing trades through Tri-Star Financial, an affiliated entity, to which clients may also be paying a commission or markup. Principals of TSA are principals of Tri-Star Financial. TSA personnel monitor Tri-Star Financial's pricing to ensure its continued competitiveness with the market. Ancillary services furnished by Tri-Star Financial or its employees to client accounts are not considered in evaluating the competitiveness of the cost of commissions or markups charged by Tri-Star Financial.

## Research and Other Soft-Dollar Benefits

TSA has no soft-dollar arrangements in which fees generated by transactions are used directly to purchase products or services to be used by TSA. However, some brokers with which TSA executes trades provide TSA with research without a direct relationship to the amount of trading TSA conducts through them. There may be an incentive to place trades with brokers providing research to TSA, rather than attending only to most favorable execution of trades.

Schwab provides TSA with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Schwab Institutional. These services are not contingent upon TSA committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For TSA's client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also makes available to TSA other products and services that benefit TSA but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of TSA's accounts.

Schwab's products and services that assist TSA in managing and administering clients' accounts include software and other technology that:

- Provide access to client account data (such as trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide research, pricing and other market data
- Facilitate payment of TSA's fees from its clients' accounts
- Assist with back-office functions, recordkeeping and client reporting

Schwab Institutional also offers other services intended to help TSA manage and further develop its business enterprise. These services may include:

- Compliance, legal and business consulting
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants and insurance providers.

Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to TSA: Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to TSA. Schwab Institutional may also provide other benefits such as educational events or occasional business entertainment of TSA personnel. In evaluating whether to require that clients custody their assets at Schwab, TSA may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers and not solely the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

### **Brokerage for Client Referrals**

TSA has not directed trades to particular brokers in exchange for receiving client referrals.

### **Directed Brokerage**

Instead of allowing TSA to select broker/dealers for their account, the client may direct TSA (in writing) to use a particular broker/dealer to execute all transactions for the client's account. In that case, the client will negotiate terms and arrangements for the account with that broker/dealer. TSA may be unable to attain best execution for that account and will be unable to aggregate that account with others when aggregating trades.

As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

### **Order Aggregation**

When appropriate, TSA may aggregate trades in the same securities across accounts. When such trades are effected, each account pays the same amount for each share. Partially executed aggregated orders will be filled on a pro rata or alternating rotational basis. TSA personnel may participate in blocks with clients, but will not receive allocations until all client orders are filled.

## **REVIEW OF ACCOUNTS**

Portfolio managers review each managed portfolio at least quarterly. They monitor the performance of each investment based on how similar investments have performed and make changes when necessary. The portfolio manager determines the investment strategies and parameters for each account. Review triggers would include factors such as changes in the economy, changes in the market place or changes in the client's goals or objective.

## **CLIENT REFERRALS AND OTHER COMPENSATION**

TSA may effect fixed income securities transactions for its clients through Tri-Star Financial (an affiliated entity) as broker for such parties. Please see the section Other Financial Industry Activities and Affiliations above for more details. There are no arrangements in which TSA compensates other parties for client referrals.

## **CUSTODY**

Custody is defined as an investment advisory firm, its related entities, and/or its personnel having direct access to client funds or securities.

Investment management fees are payable in advance by charging the account directly or by invoicing the client. When the investment management fee is deducted from the client's account, this deduction is deemed a form of custody by the Securities and Exchange Commission although all investments and funds are held by a qualified outside custodian. TSA may direct the movement of funds from one account in the client's name to another account with the same title, but has no access to client funds other than the fee deduction.

TSA sends clients statements for tax purposes annually. Clients receive monthly statements directly from their account custodian showing transactions, income, and asset positions, as well as copies of trading confirmations. When clients receive account statements from their account custodian, clients should carefully review those statements and take the time to compare them with those they receive from TSA. If the client finds significant discrepancies, the client should notify the custodian and TSA immediately.

## **INVESTMENT DISCRETION**

Where clients have designated TSA as agent and limited attorney-in-fact with respect to the client's account, when it deems appropriate, without prior consultation with the client, TSA may:

- Direct the purchase, sale, exchange, conversion, and otherwise trade in stocks, bonds, and other securities including money market instruments.
- Direct the amount of securities purchased, sold, exchanged, and otherwise traded.
- Place orders for the execution of such securities transactions with Tri-Star Financial, Fidelity Institutional, Southwest Securities or other third-party broker/dealers.
- Determine the commission rates paid.
- Retain subadvisors.

Restrictions include when a client directs specific security transactions, security retention, brokers utilized or the commission rate in a particular account. Any limitations on this discretionary authority are addressed in the Investment Advisor Agreement. Clients may change these limitations at any time.

## **VOTING CLIENT SECURITIES**

TSA does not vote client securities for clients. The account custodian for each client sends the proxy material directly to the client. Clients may call their account advisor with any questions concerning a particular solicitation.

## **FINANCIAL INFORMATION**

There is no existing financial condition that is reasonably likely to impair TSA's ability to continue to provide services to its clients.



## **Jon C. Vaughan, CFA**

5718 Westheimer, Suite 950  
Houston, TX 77057

713-735-9217  
jvaughan@tristar.us  
www.tristaradvisor.com

March 2012

This brochure supplement provides information about Jon C. Vaughan, CFA, that supplements the Tri-Star Advisors, Inc. brochure. You should have received a copy of that brochure. Please contact Kelly Durham at 713-735-9217 if you did not receive Tri-Star Advisors, Inc.'s brochure or if you have any questions about the contents of this supplement.

Additional information about Jon C. Vaughan, CFA, is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

### **Jon C. Vaughan, CFA, born 1971**

#### *Business Background:*

Tri-Star Advisors, Inc., President, Principal, Investment Advisor Representative, 2009 – present

Tri-Star Financial, Executive Vice President, Principal and Registered Representative, 1994 – present

#### *Education:*

Baylor University, Bachelor of Arts Degree in International Business & Finance, 1993

Chartered Financial Analyst Designation, Awarded 1997

The Chartered Financial Analyst designation, or CFA charter, is a qualification for finance and investment professionals, particularly in the fields of investment management and financial analysis of stocks, bonds and their derivative assets.

To become a Chartered Financial Analyst, an individual must satisfactorily fulfill the following requirements:

- Education – Complete the CFA Program. The curriculum includes Ethical and Professional Standards, Quantitative Methods (such as the time value of money and statistical inference), Economics, Financial Reporting and Analysis, Corporate Finance, Analysis of Investments (stocks, bonds, derivatives, venture capital, real estate, etc.), and Portfolio Management and Analysis (asset allocation, portfolio risk, performance measurement, etc.).
- Examinations – Pass the comprehensive exams required by the CFA Program, which is organized into three levels, each culminating in a six-hour exam. Completing the program takes most candidates between two and five years.
- Experience – Possess a bachelor's degree from an accredited institution (or have equivalent education or work experience) and have 48 months of qualified, professional work experience.
- Ethics – Obligated to adhere to a strict Code of Ethics and Standards governing professional conduct.

## DISCIPLINARY INFORMATION

There are no legal or disciplinary events material to a client's or prospective client's evaluation of Mr. Vaughan.

## OTHER BUSINESS ACTIVITIES

Mr. Vaughan is an officer and registered representative of Tri-Star Financial and spends approximately 50% of his time on the broker/dealer side of the business.

### **ADDITIONAL COMPENSATION**

Mr. Vaughan does not receive any economic benefit from a non-client for providing advisory services.

### **SUPERVISION**

The co-portfolio managers work in concert, and the portfolios are reviewed by Kelly Durham, the Chief Compliance Officer, in terms of the investment objective. Kelly can be reached at 713-735-9217.



## **William T. Payne**

5718 Westheimer, Suite 950  
Houston, TX 77057

713-735-9217  
bpayne@tristar.us  
www.tristaradvisor.com

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This brochure supplement provides information about William T. Payne that supplements the Tri-Star Advisors, Inc. brochure. You should have received a copy of that brochure. Please contact Kelly Durham at 713-735-9217 if you did not receive Tri-Star Advisors, Inc.'s brochure or if you have any questions about the contents of this supplement.

Additional information about William T. Payne is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

**William T. Payne, born 1956**

*Business Background:*

Tri-Star Advisors, Inc., Chief Executive Officer, Principal, Investment Advisor Representative,  
2009 – present

Tri-Star Financial, President and Registered Representative, 1992 – present

*Education:*

Santa Monica Junior College, Business Administration, 1976

## DISCIPLINARY INFORMATION

There are no legal or disciplinary events material to a client's or prospective client's evaluation of Mr. Payne.

## OTHER BUSINESS ACTIVITIES

Mr. Payne is an officer and registered representative of Tri-Star Financial and spends approximately 50% of his time on the broker/dealer side of the business.

## ADDITIONAL COMPENSATION

Mr. Payne does not receive any economic benefit from a non-client for providing advisory services.

## SUPERVISION

The co-portfolio managers work in concert, and the portfolios are reviewed by Kelly Durham, the Chief Compliance Officer, in terms of the investment objective. Kelly can be reached at 713-735-9217.



## **Kelly Durham**

5718 Westheimer, Suite 950  
Houston, TX 77057

713-735-9217  
kdurham@tristar.us  
www.tristaradvisor.com

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

## EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

### **Kelly Durham, born 1978**

#### *Business Background:*

Tri-Star Advisors, Inc., Chief Compliance Officer, Investment Advisor Representative, 2009 – present

Tri-Star Financial, Registered Representative, 2009 – present

MDK Financial Group, Portfolio Manager, 2008 – 2009

Morgan Stanley, Associate Wealth Advisor, 1999 – 2007

#### *Education:*

University of California Davis, Economics, 1996

## DISCIPLINARY INFORMATION

There are no legal or disciplinary events material to a client's or prospective client's evaluation of Ms. Durham.

## OTHER BUSINESS ACTIVITIES

Ms. Durham is a registered representative of Tri-Star Financial and spends approximately 25% of her time on the broker/dealer side of the business.

## ADDITIONAL COMPENSATION

Ms. Durham does not receive any economic benefit from a non-client for providing advisory services.

## SUPERVISION

The co-portfolio managers work in concert, and the work of the Chief Compliance Officer is reviewed by John Vaughan, President. John can be reached at 713-735-9200.



**Jon Swanburg, Esq.**

5718 Westheimer, Suite 950  
Houston, TX 77057

713-735-9217  
jswanburg@tristar.us  
www.tristaradvisor.com

March 2012

This brochure supplement provides information about Jon Swanburg, Esq. that supplements the Tri-Star Advisors, Inc. brochure. You should have received a copy of that brochure. Please contact Kelly Durham at 713-735-9217 if you did not receive Tri-Star Advisors, Inc.'s brochure or if you have any questions about the contents of this supplement.

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

## EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

**Jon Swanburg, Esq., born 1984**

*Business Background:*

Tri-Star Advisors, Inc., Investment Advisor Representative, 2009 – present  
Tri-Star Financial, Institutional Specialist and Registered Representative, 2009 – present  
Dish Network, Business Development Intern, 2008  
Henry Schein, Medical Sales, 2007

*Education:*

Pepperdine University, Bachelor of Arts Degree in Economics, 2005  
Baylor University, Masters of Business Administration (MBA)/Juris Doctor (JD), 2009

## DISCIPLINARY INFORMATION

There are no legal or disciplinary events material to a client's or prospective client's evaluation of Mr. Swanburg.

## OTHER BUSINESS ACTIVITIES

Mr. Swanburg is not actively engaged in any other investment-related business or occupation.

## ADDITIONAL COMPENSATION

Mr. Swanburg does not receive any economic benefit from a non-client for providing advisory services.

## SUPERVISION

The co-portfolio managers work in concert, and the portfolios are reviewed by Kelly Durham, the Chief Compliance Officer, in terms of the investment objective. Kelly can be reached at 713-735-9217.



## **Thomas L. Payne**

5718 Westheimer, Suite 950  
Houston, TX 77057

713-735-9217  
tpayne@tristar.us  
www.tristaradvisor.com

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This brochure supplement provides information about Thomas Payne that supplements the Tri-Star Advisors, Inc. brochure. You should have received a copy of that brochure. Please contact Kelly Durham at 713-735-9217 if you did not receive Tri-Star Advisors, Inc.'s brochure or if you have any questions about the contents of this supplement.

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

## EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

**Thomas Payne, born 1976**

*Business Background:*

Tri-Star Advisors, Inc., Investment Advisor Representative, 2011 – present  
Tri-Star Financial, Registered Representative, 2002 – present

*Education:*

University of Houston, Accounting, 1996

## DISCIPLINARY INFORMATION

There are no legal or disciplinary events material to a client's or prospective client's evaluation of Mr. Payne.

## OTHER BUSINESS ACTIVITIES

Mr. Payne is a registered representative of Tri-Star Financial and spends approximately 50% of his time on the broker/dealer side of the business.

## ADDITIONAL COMPENSATION

Mr. Payne does not receive any economic benefit from a non-client for providing advisory services.

## SUPERVISION

The co-portfolio managers work in concert, and the portfolios are reviewed by Kelly Durham, the Chief Compliance Officer, in terms of the investment objective. Kelly can be reached at 713-735-9217.