

# Form ADV Part 2A

## Item 1 – Cover Page



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This brochure provides information about the qualifications and business practices of Callahan Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (713) 572-3366. 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. It has been prepared by the firm in the format mandated by the Securities and Exchange Commission.

Callahan Advisors, LLC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training.

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

## **Item 2 – Material Changes**

Our last Annual Updating Amendment was March 2021. Since the last Annual Updating Amendment, no material changes have occurred.

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#### **Item 4 – Advisory Business**

Callahan Advisors, LLC (“We” or “Callahan”) is an investment advisory firm specializing in the management of marketable securities including equities, fixed and variable income securities, and providing portfolio management. Formed in 1999, we now manage over \$800 million in client assets. Callahan provides investment management services for high-net-worth individuals, individuals, and charitable organizations. Thomas P. Callahan serves as the Chairman and CIO. Thomas P. Callahan, the Thomas Patrick Callahan, Jr. 2020 Trust, and the Rachel Callahan Gummattira 2020 Trust are the owners of the Firm. We prefer accounts containing at least \$1,000,000 in assets; however, we will occasionally accept smaller accounts.

Our philosophy is based on the client’s risk tolerance, financial goals, long-term horizon, portfolio diversification, low portfolio turnover, fee-based compensation, and regular communication between clients and advisors. While our primary focus is to invest in US-listed equity securities both domestic and foreign, we also invest in corporate debt, government securities, including state and local government securities, exchange-traded funds, and money market funds. We generally attempt to accommodate investment restrictions imposed by a client (for example: an aversion to defense or tobacco companies).

Our clients use the brokerage services of Charles Schwab & Co., Inc. (“Schwab”) or TD Ameritrade, Inc., who are Financial Industry Regulatory Authority (FINRA) registered broker-dealers, and members of Securities Investor Protection Corporation (SIPC), to maintain custody of clients’ assets and to make trades for their accounts.

We do not participate in wrap fee programs. We do not publish research reports or sell newsletters. We periodically work with our clients’ accountants and attorneys, but do not offer tax or legal advice.

As of December 31, 2021, we had \$889,711,693 under management on a discretionary basis. We do not manage non-discretionary accounts.

## **Item 5 – Fees and Compensation**

Fees are charged quarterly in advance. Fees are based on the market value of the last business day of the immediate preceding quarter as reported by the account custodian(s) and are calculated according to the type and amount of various asset classes held in the account. At times, we will combine accounts across family members to obtain the most advantageous fee for the client. The current fee schedule is as follows:

### **Annual fees for Equities and Equity-Focused Exchange-Traded Funds (ETFs)**

First \$500,000	1.00%
\$500,000 - \$1.5 million	0.80%
\$1.5 - \$2.5 million	0.65%
Excess over \$2.5 million	0.50%

### **Annual fees for Corporate, State, and Local Government Bonds and Fixed Income-Focused ETFs**

First \$1.5 million	0.40%
Excess over \$1.5 million	0.35%

### **Other Fees**

We charge an annual fee of 0.20% for cash, money-market accounts, certificates of deposit, U.S. Treasury notes, U.S. Treasury bonds, and other ETFs not included above, including short-term U.S. Treasury ETFs.

Fees vary from client to client depending on the fee schedule in effect when the client executed the investment management agreement with Callahan Advisors.

Since we charge different fees for different asset classes, we have a conflict of interest with our clients, as we could be incited to place client funds in the asset classes paying the highest fees. This potential conflict is mitigated by our routine reviews of client portfolios and commitment to invest as appropriate for each client's objective and risk tolerance.

Fees are negotiable and vary from client to client, so some clients receiving the same service are paying different fees. We do not differentiate our service based on the fees we charge our clients.

Our fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which are likely to be incurred by the client. Clients will incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, wire transfer fees, exchange fees, margin interest or other costs or fees associated with securities transactions or required by law. Our fees do not include any internal fees and expenses of any money market, mutual or exchange-traded fund.

Clients pay such fees directly or a client may authorize the deduction of fees from the client's account, which a third-party custodian maintains. If fees are deducted from the client's account, we promptly send the client an invoice showing the amount of the advisory fee due, the account value on which the fee is based, and how the fee was calculated. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee based on the number of days remaining in the quarter. Upon termination of any account, any prepaid fees will be promptly refunded a pro rata portion based on the number of days remaining in the quarter and any earned, unpaid fees will be due and payable.

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

We do not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

## **Item 7 – Types of Clients**

We provide portfolio management services to individuals, foundations, trusts, estates, 401-(k) plans and IRAs, charitable organizations, and investment clubs and partnerships.

We prefer accounts containing at least \$1,000,000 in assets; however, we will occasionally accept smaller accounts.

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

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. Each client executes a client profile form or similar form that documents their objectives and their desired investment strategy. The client may change these objectives at any time through discussions with their advisor.

Our focus is on the management of equity securities. Investing in securities involves risk of loss that clients should be prepared to bear, including loss of all or part of principal. Past performance is not a guarantee of future returns. Some of the general risks associated with investing in securities are the following:

- **Interest-Rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, the market price of fixed income securities will drop as their yields become less attractive.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic, and social conditions may trigger market events.
- **Inflation Risk:** When inflation is present, a dollar today will not buy as much as a dollar next year because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. Fluctuation in the value of the dollar also affects corporate earnings which in turn can adversely affect the investment. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed income securities.

- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They also are impacted by geopolitical events and global organizations such as OPEC. Therefore, they carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is.
- **Geopolitical and Policy Risk:** As global economies become increasingly intertwined and complex, a company's prospects can be severely affected by governments' policies. For example, sanctions against a sovereign country or Federal Reserve intervention in various policy measures. During such periods, market volatility can rise and cause asset values to be mispriced.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- **Small Capitalization Stock Risk:** Small companies often have narrower markets and limited financial resources, so investments in these stocks present more risk than investments in those of larger, more established companies.
- **Value Style Investing Risk:** Companies that are thought to be under-valued may never reach their full estimated market value and value style investing may fall out of favor and underperform growth or other style investing during given periods.
- **Cybersecurity Risk:** Callahan Advisors and its service providers may be subject to operational and information security risks resulting from cyberattacks. Cyberattacks include, among other behaviors, stealing or corrupting data maintained online or digitally, denial of service attacks on websites, the unauthorized release of confidential information or various other forms of cybersecurity breaches. Cybersecurity attacks affecting Callahan Advisors and its service providers may adversely impact clients. For instance, cyberattacks may interfere with the processing of transactions, cause the release of private information about clients, impede trading, subject Callahan Advisors to regulatory fines or financial losses, and cause reputational damage. Similar types of cybersecurity risks are also present for issuers of securities in which clients may invest in, qualified custodians, governmental and other regulatory authorities, exchange and other financial market operators, or other financial institutions. Cybersecurity incidents that could ultimately cause them to incur losses, including for example: financial losses, cost and reputational damages, and loss from damage or interruption of systems. Callahan Advisors has taken several measures to safeguard client data, including establishing cybersecurity policies and procedures, engaging a

third-party technology vendor to monitor firm systems, and training employees in practices related to data privacy and protection. Although our firm takes these steps to reduce the risk of incidents from coming to fruition, there is no guarantee that these efforts will always be successful, especially considering that Callahan Advisors does not directly control the cybersecurity measures and policies employed by third-party service providers.

**Clients should be aware that even if we use our best efforts, our efforts may not be successful. Any security in a client's account, other than a United States Treasury instrument, could lose all or part of its value. United States Treasury instruments are the only securities whose value is guaranteed by the US government.** Many factors and events outside of our control can affect the securities markets and the value of securities in your account. Examples include, but are not limited to, changes in domestic or foreign political leadership, breaking news events, natural disasters, adverse weather conditions, terrorist activity, or changes in the Internal Revenue Code. We may not be able to accurately predict the effects on the securities markets of these factors and events or how they may affect the value of securities held in clients' accounts. We do not guarantee the future performance of your account or any specific level of performance, the success of any investment decision or strategy that we may use, or the success of our overall management of your account. Based on our assessments of the market, we may buy municipal, corporate, mortgage-backed bonds, and treasury bonds. We do not sell insurance, annuities, commodities, or futures.

We employ a wide range of sources for research activities. Along with newspapers, investment periodicals, research subscriptions and third-party research, we examine annual reports, SEC filings, corporate press releases, and participate in earnings conference calls.

While we strive to do the best, we can in analyzing various investment opportunities, we do not guarantee the future performance of the client's account or any specific level of performance, the success of any investment decision or strategy that we use, or the success of the overall management of the account.

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

We have no disciplinary actions to report.

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

Neither Callahan Advisors nor any of our management persons have any financial industry affiliations. We have no relationships or arrangements that would create conflicts of interest in our advisory business.

#### **Item 11 – Code of Ethics**

We have adopted a Code of Ethics for all of our supervised persons describing our high standard of business conduct, and fiduciary duty to our clients. The Code of Ethics or our policies and procedures manual include provisions relating to the confidentiality of client information, a prohibition on insider trading, personal securities trading procedures, avoidance of the use of material non-public information,

and protection of client information, among other topics. All supervised persons must acknowledge the terms of the Code of Ethics and the policies and procedures manual annually, or as amended.

We anticipate that, in appropriate circumstances, consistent with clients' investment objectives, we will cause accounts over which we have management authority to effect and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which our employees, directly or indirectly, have an interest. Subject to satisfying our policies and applicable laws; officers, directors and employees are permitted to trade for their own accounts in securities which are recommended to and purchased for our clients. The Code of Ethics is designed to assure that the personal securities transactions, activities, and interests of our employees will not interfere with (i) making decisions in the best interest of our clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. 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. All employees must annually provide to our chief compliance officer, for review, a copy of a broker's statement or its equivalent covering the employees' current holdings in reportable securities. In addition, employees must provide brokerage statements showing all transactions in their accounts to our chief compliance officer each calendar quarter. Employees must obtain preapproval before participating (or increasing their participation) in limited offerings or IPOs.

We do not engage in proprietary trading by buying, selling, or trading securities with any client directly.

## **Item 12 – Brokerage Practices**

We recommend that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. or the institutional division of TD Ameritrade, Inc. Although the Firm recommends that clients establish accounts at Schwab or TD Ameritrade, it is the client's decision to have assets held with Schwab or TD Ameritrade. We are independently owned and operated and are not affiliated with either Schwab or TD Ameritrade. Schwab and TD Ameritrade provide the Firm with access to their institutional trading and custody services, which are typically not available to retail investors. These services are generally available to independent investment advisors on an unsolicited basis.

Schwab Institutional and TD Ameritrade Institutional also make available to the Firm other products and services that benefit the Firm but may not directly benefit our clients' accounts. Many of these products and services may be used to service all or a substantial number of the Firm's accounts. Schwab and TD Ameritrade products and services that assist the Firm in managing and administering accounts include software and other technology that (i) provide access to client account data (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 our fees from our clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Schwab and TD Ameritrade Institutional also offer other services intended to help us manage and further develop our business enterprise. These services may include: (i) compliance, legal and business consulting;

(ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers. Schwab and TD Ameritrade may make available, arrange, and pay third-party vendors for the types of services rendered to the Firm. Schwab or TD Ameritrade Institutional may discount or waive fees it would otherwise charge for some of these services to the Firm. (In the past, Schwab has occasionally provided a discount for multiple attendees from the firm to Schwab's national conference. Schwab is providing assistance paying for our portfolio management software in 2019. This assistance is not contingent upon our increase of assets held at Schwab or any other incentive.) Schwab and TD Ameritrade Institutional may also provide other benefits such as educational events or occasional business entertainment of the Firm's personnel. We 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 we consider and not solely the nature, cost or quality of custody and brokerage services provided by Schwab and TD Ameritrade, which may create a potential conflict of interest.

Clients generally grant the Firm the full authority to execute trades on the client's behalf, and to select brokers/custodians. At the request of the client, we may use another broker-dealer or custodian of the client's choosing. In recommending brokers, we consider the range and quality of the products offered by the brokers, technical services provided by the broker, the execution capability of the broker, and the responsiveness of the broker to us.

#### **How We Select Brokers/Custodians**

We seek to use a custodian/broker who will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to the other available providers and their services. We consider a wide range of factors, including:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody);
- Capability to execute, clear, & settle trades (buy/sell securities for client's account);
- Capability to facilitate transfers and payments to and from the client's account (wire transfers, check requests, etc.);
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds ("ETFs"), etc.);
- Availability of investment research and tools that assist us in making investment decisions;
- Quality of services;
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices;
- Reputation, financial strength, and stability; and
- Prior service to us and our other clients.

**Client Directed Brokerage.** If the client directs that trades be executed through another broker-dealer, the client is responsible for negotiating the terms and conditions (including, but not limited to,

commission rates) relating to all services to be provided by that broker-dealer. We assume no responsibility for obtaining the “best execution” of such trades.

For regular quarterly trading rounds, when trading in the same security for multiple clients, our trade aggregation and allocation policy is to enter block trading orders for the benefit of several clients’ accounts at the same custodian. In instances in which a block trading order is filled in multiple lots at the same custodian, we will allocate the trades so that clients receive the average trading price of the entire order. When trading in the same security across both custodians, we expect to make every effort to place the trades on the same day and as close to the same time period as possible.

### **Item 13 – Review of Accounts**

Each client account is monitored by the investment advisors and the Chairman. Prior to each quarterly review period, the investment advisors and Chairman meet to consider portfolio and asset adjustments. Accounts may be reviewed more frequently than quarterly at the client’s request or because of news events, changes in market conditions, or any other factor we deem significant.

Investment decisions are made for each client’s portfolio based on the investment advisors’ and Chairman’s knowledge of the market and company trends and prospects for the future. Each client’s investment goals, sector weightings, risk tolerance, and financial and tax situation are also considered in making investment decisions.

Clients are sent account statements from their custodian and a quarterly report of the account’s performance from us. In addition to the statements mentioned above, clients can choose to set up direct online access to their accounts held at the custodian.

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

We do not use outside solicitors to secure business and do not compensate non-employees for client referrals.

### **Item 15 – Custody**

Custody means an advisor either holds or has access to funds or securities it manages for a client. Although all of our clients’ accounts are held by Schwab and TD Ameritrade, there are circumstances under which regulations define our having custody of funds in some clients’ accounts. We are deemed to have custody of your assets if, for example, you authorize us to instruct Schwab or TD Ameritrade to deduct our advisory fees directly from your account. Both Schwab and TD Ameritrade, Inc. are qualified custodians and send our clients account statements at least quarterly. These statements are sent to the email or postal mailing address you provided. We urge you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities

Several of our clients have established Standing Instructions which allow clients to direct us to send funds from their account without requiring their signature. Callahan Advisors is considered to have custody over some of these accounts sending assets to third parties since the amount and/or timing of these transfers are not pre-defined. However, this authority does not necessitate that an outside public accountant conduct surprise examinations of these accounts.

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

We usually receive discretionary authority at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold without prior consultation with the client. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

In our investment advisory agreement, the client generally grants us complete authority to make all investment decisions concerning the accounts and to make the sales, purchases, and reinvestments necessary to strive to meet their investment objectives. The advisory agreement also contains a limited power of attorney under which clients grant us the authority to trade in the client's custodial account(s).

When selecting securities and determining amounts, we observe the investment limitations and restrictions for each client. Clients who wish to restrict us from using their assets to invest in certain companies or types of companies provide us with such instructions.

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

Each client's agreement specifies whether we will vote proxies for the client's account. Following is a summary of our proxy voting policy, a full copy of which is available to clients at no charge. We will vote proxies for securities in the client's account that we have designated as part of our primary securities list. The client may choose to vote proxies for other securities they hold. In the absence of specific voting guidelines from a client, we will vote proxies in a manner that we believe is in the best interest of the client, which may result in different voting results for proxies for the same issuer. We shall consider only those factors that relate to the client's investment or dictated by the client's written instructions, including how its vote will economically impact and affect the value of the client's investment (keeping in mind that, after conducting an appropriate cost-benefit analysis, not voting at all on a presented proposal we believe to be in the best interest of the client). We believe that in general voting proxies in accordance with the following policies is in the best interests of our clients; however, we reserve the right to use our best judgment should certain situations require deviating from the policy.

#### ***Specific Voting Policies***

##### Routine Items we expect to vote for:

- the election of directors (where no corporate governance issues are implicated);
- the selection of independent auditors;
- increases in or reclassification of common stock;

- management recommendations adding or amending indemnification provisions in charters and by-laws;
- proposals that, in our opinion, maintain or strengthen the shared interests of shareholders and management;
- proposals that, in our opinion, increase shareholder value in the long run;
- proposals that, in our opinion, will maintain or increase shareholder influence over the issuer's board of directors and management; and
- proposals that maintain or increase the rights of shareholders.

Non-Routine and Conflict of Interest Items we expect to vote:

- for management proposals for merger or reorganization if the transaction appears to offer fair value in our opinion;
- against shareholder resolutions that consider non-financial impacts of mergers; and
- against anti-greenmail provisions.

***General Voting Policy***

In voting items, we shall vote in a prudent and timely fashion and only after a careful evaluation of the issue(s) presented on the ballot.

In exercising its voting discretion, we shall avoid any direct or indirect conflict of interest raised by such voting decision. We expect to provide adequate disclosure to the client if any substantive aspect or foreseeable result of the subject matter to be voted upon raises an actual or potential conflict of interest. After informing the client of any potential conflict of interest, we expect to take other appropriate action as required under its proxy voting procedures. We keep certain records required by applicable law in connection with its proxy voting activities for clients and provides proxy-voting information to clients upon their written or oral request.

**Item 18 – Financial Information**

We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients and have not been the subject of a bankruptcy proceeding.

# Form ADV Part 2B

## Item 1 – Cover Page



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Updated: March 2022

W. Keith Booth

T. Patrick Callahan, CPA

Thomas P. Callahan

Rachel C. Gummattira, CFP®

William F. Monroe

Hamendra (Ham) P. Ojha

**This Brochure Supplement provides information that supplements the Callahan Advisors, LLC brochure. You should have received a copy of that brochure. Please contact Barbara van Zanten if you did not receive Callahan Advisors, LLC's brochure or if you have any questions about the contents of this supplement.**

## **W. Keith Booth**

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

W. Keith Booth was born in 1955 and joined Callahan Advisors in 2012, following a 32-year career as a Tax Partner at PricewaterhouseCoopers. Mr. Booth has a JD and LLM in Taxation from the University of Alabama. During his career at PwC, Mr. Booth served individual clients, closely-held businesses and multinational corporations, primarily in the Energy industry.

Mr. Booth is a registered investment advisor representative.

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

None.

### **Item 4 – Other Business Activities**

None.

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

None.

### **Item 6 – Supervision**

Supervisor: Thomas Callahan, Chairman

Telephone: (713) 572-3366

Mr. Booth is part of a team of seven investment advisors. Before providing investment advice to clients and implementing investment decisions, the advisors meet and cross monitor investment advice.

## **T. Patrick Callahan**

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

T. Patrick Callahan, CPA (See final page for information on this designation.) was born in 1982. Mr. Patrick Callahan received his BBA from the University of Notre Dame in Accounting in 2005 and his MPA from the University of Texas-McCombs School of Business in 2006. Mr. Patrick Callahan also completed his MBA from the University of Texas-McCombs School of Business in 2010. The Thomas Patrick Callahan, Jr. 2020 Trust is a minority owner of the Firm. Prior to joining Callahan Advisors in 2012, Mr. Patrick Callahan worked as an audit associate for PricewaterhouseCoopers and as a manager at Deloitte Consulting, serving Fortune 500 clients in the Energy, Consumer Products, and Wholesale Distribution industries. Mr. Patrick Callahan serves as a member of the business and investment development committee for the John G. and Marie Stella Kenedy Foundation, a non-profit organization.

Mr. Patrick Callahan is a registered investment advisor representative.

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

None.

### **Item 4 – Other Business Activities**

None.

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

None.

### **Item 6 – Supervision**

Supervisor: Thomas Callahan, Chairman

Telephone: (713) 572-3366

Mr. Patrick Callahan is part of a team of seven investment advisors. Before providing investment advice to clients and implementing investment decisions, the advisors meet and cross monitor investment advice. The Thomas Patrick Callahan, Jr. 2020 Trust is a minority owner of the Firm. Rachel Gummattira, the Firm's Chief Compliance Officer, reviews Mr. Patrick Callahan's personal trades and monitors his compliance with the Firm's code of ethics.

## **Thomas P. Callahan**

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

Thomas P. Callahan is the Founder and Chairman of Callahan Advisors. He was born in 1944. Prior to founding Callahan Advisors in 1999, Mr. Thomas Callahan was a PricewaterhouseCoopers partner with over thirty years of experience in public accounting. He has successfully managed securities portfolios for many years. Mr. Thomas Callahan received his BBA from University of Notre Dame in 1966 and attended Wharton School of Business, University of Pennsylvania where he received his MBA in 1968. He is a minority owner of the Firm.

Mr. Thomas Callahan has been involved in various charitable organizations, as the past Chairman of the Amazing Place of Houston, a non-profit organization focused on participants with mild to moderate dementia and as a Board member of St. Dominic’s Village, a Catholic organization providing nursing home, assisted and independent living services for elderly people.

Mr. Thomas Callahan is a registered investment advisor representative.

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

None.

### **Item 4 – Other Business Activities**

None.

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

None.

### **Item 6 – Supervision**

Mr. Thomas Callahan is part of a team of seven investment advisors. Before providing investment advice to clients and implementing investment decisions, the advisors meet and cross monitor investment advice. Mr. Thomas Callahan is Chairman of the Firm and a minority owner of the Firm. Ms. Gummattira, the Firm’s Chief Compliance Officer, reviews Mr. Thomas Callahan’s personal trades and monitors his compliance with the Firm’s code of ethics.

## **Rachel C. Gummattira**

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

Rachel C. Gummattira, CFP® (See final page for information on this designation.) was born in 1979. She received her BBA from the University of Notre Dame in Marketing in 2001 and her MBA from the University of Texas-McCombs School of Business in 2008. The Rachel Callahan Gummattira 2020 Trust is a minority owner of the Firm. Prior to joining Callahan Advisors, Ms. Gummattira worked in managerial and marketing roles in the healthcare and consumer staples sectors, including brand management with Dr Pepper Snapple Group. Ms. Gummattira is also a volunteer in the non-profit sector as a sustaining member of the Junior League of Houston and the American Cancer Society.

Ms. Gummattira is a registered investment advisor representative.

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

None.

### **Item 4 – Other Business Activities**

None.

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

None.

### **Item 6 – Supervision**

Supervisor: Thomas Callahan, Chairman

Telephone: (713) 572-3366

Ms. Gummattira is part of a team of seven investment advisors. Before providing investment advice to clients and implementing investment decisions, the advisors meet and cross monitor investment advice. The Rachel Callahan Gummattira 2020 Trust is a minority owner of the Firm. Mr. Thomas Callahan and Mr. Patrick Callahan review Ms. Gummattira's personal trades and monitor her compliance with the Firm's code of ethics.

## **William F. Monroe**

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

William F. Monroe was born in 1982. He received his BS from Florida State University in Economics in 2005 and his MS in Accounting from the University of Virginia in 2006. Mr. Monroe joined Callahan Advisors in 2018. Previously, he traded natural gas options at Citigroup Energy Inc. and worked at Ernst and Young LLP, auditing and performing other advisory services in the energy sector. He also spent several years with Bayou City Capital LP, a hedge fund specializing in S&P 500 options.

Mr. Monroe is a registered investment advisor representative.

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

None.

### **Item 4 – Other Business Activities**

None.

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

None.

### **Item 6 – Supervision**

Supervisor: Thomas Callahan, Chairman

Telephone: (713) 572-3366

Mr. Monroe is part of a team of seven investment advisors. Before providing investment advice to clients and implementing investment decisions, the advisors meet and cross monitor investment advice.

## **Hamendra P. Ojha**

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

Hamendra P. Ojha received his Bachelor of Commerce and Business from University of Bombay, India, in 1982 and received his B.S. in Accounting from University of Houston in 1989. Mr. Ojha joined Callahan Advisors in 2010 and has worked in the financial industry for over twenty years. From 1998 to 2009, Mr. Ojha was the Vice-President and Treasurer of HCC Insurance Holdings, Inc. where he was responsible for Treasury, Cash Management, and overseeing a multi-currency multi-sector fixed income portfolio.

Mr. Ojha is a registered investment advisor representative.

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

None.

### **Item 4 – Other Business Activities**

None.

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

None.

### **Item 6 – Supervision**

Supervisor: Thomas Callahan, Chairman

Telephone: (713) 572-3366

Mr. Ojha is part of a team of seven investment advisors. Before providing investment advice to clients and implementing investment decisions, the advisors meet and cross monitor investment advice.

## Certification and Charter Information

### Certified Public Accountant

CPAs are licensed and regulated by their state boards of accountancy. While state laws and regulations vary, the education, experience and testing requirements for licensure as a CPA generally include minimum college education (typically 150 credit hours with at least a baccalaureate degree and a concentration in accounting), minimum experience levels (most states require at least one year of experience providing services that involve the use of accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills, all of which must be achieved under the supervision of or verification by a CPA), and successful passage of the Uniform CPA Examination. In order to maintain a CPA license, states generally require the completion of 40 hours of continuing professional education (CPE) each year (or 80 hours over a two-year period or 120 hours over a three-year period). Additionally, all American Institute of Certified Public Accountants (AICPA) members are required to follow a rigorous *Code of Professional Conduct* which requires that they act with integrity, objectivity, due care, competence, fully disclose any conflicts of interest (and obtain client consent if a conflict exists), maintain client confidentiality, disclose to the client any commission or referral fees, and serve the public interest when providing financial services. The vast majority of state boards of accountancy have adopted the AICPA's *Code of Professional Conduct* within their state accountancy laws or have created their own.

### Certified Financial Planner® Certification

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.

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.
- Examination – Pass the comprehensive CFP® Certification Examination, a 10-hour exam.
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year).
- 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.
- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*.

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.