

July 12, 2023

## Introduction

**Avity Investment Management Inc. (Avity)** is registered as an Investment Adviser with the Securities and Exchange Commission.

Investment advisory services and fees differ from brokerage services and fees. It is important for you to understand the differences. Free and simple tools are available to research firms and financial professionals at [Investor.gov/CRS](https://investor.gov/CRS) which also provides educational materials about investment advisers, broker-dealers and investing.

## Relationship and Services

**What investment services and advice can you provide me?** We provide investment advisory services to retail and institutional investors. Our primary service is continuous investment management. Client portfolios are managed individually and vary in composition, but include some mix of exchange-listed stocks, municipal bonds, corporate bonds, U.S. government securities, options, mutual funds and cash equivalents. The portfolio mix depends on the client's circumstances. Each account is handled on a discretionary basis, whereby we make adjustments to the investments as we believe appropriate, without specific consultation with the client. Overall investment policy is agreed upon by the client and responsible portfolio manager at our firm. Client investments are regularly monitored by the firm's investment professionals as part of our standard service. Accounts are reviewed frequently, prompted by regular assessments of the portfolio, changes to the composition, client meetings and other client communications.

We communicate with our clients on an ongoing basis, through written material, by phone and in person. Meetings are held with clients as often as needed and usually at least once a year. Valuation reports are always offered to clients on a monthly basis. Most clients chose to receive their valuations monthly, although some prefer to receive them quarterly.

Avity has been in operation as an investment management business since 1970. The company is owned entirely by the employees of the firm. The owners of the firm are H. Park Duncan, Edward C. Long and Christopher D. Ward. As of December 31, 2022 Avity Investment Management Inc. managed \$1,513,465,665 of client assets. The minimum balance for new relationships is \$5 million.

**Other questions to ask us:** Given my financial situation, should I choose an investment advisory service? Why or why not?

How will you choose investments to recommend to me?

What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?

## Fees, Costs and Standard of Conduct

**What fees will I pay?** Our investment management services are offered at a percentage of assets under management. The standard fee schedule for equity and balanced accounts is 1.0% per annum on the first \$2 million, 0.75% on the amount between \$2 million and \$5 million, 0.60% on the amount between \$5 million and \$10 million, and 0.50% on the amount above \$10 million. Rates are often negotiated, particularly for large accounts. Our standard fee schedule for fixed income only accounts is 0.60% on the first \$2 million, 0.50% on the amount between \$2 million, and \$5 million, 0.40% on the amount between \$5 million and \$10 million, and 0.35% on the amount above \$10 million. The more assets there are in an account the more an investor will pay in fees, and the firm may therefore have an incentive to encourage clients to increase the assets in their accounts.

July 12, 2023

Fees are billed quarterly, normally in arrears. In most cases, fees are debited to the clients' custodian accounts in line with standing authorizations. Our contract can be cancelled at any time. Unearned fees are promptly refunded in the event that a client or we end a relationship, no matter what the reason. Any earned, unpaid fees are due and payable at the end of a relationship. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee.

Investment management fees are our only source of compensation, but clients may incur additional costs. Avity's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers and other third parties such as deferred sales charges, 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 Avity's fee, and Avity does not receive any portion of these commissions, fees, and costs.

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.

**Questions to ask us:** Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?

**What are your legal obligations to me when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?** When we act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Examples include an incentive to seek asset value growth that exceeds your risk tolerance or our discouraging distributions to retain assets in the portfolio.

**Questions to ask us:** How might your conflicts of interest affect me, and how will you address them?

**How do your financial professionals make money?** Investment management fees are our sole source of revenue. Our four financial professionals own 100% of the company. Their compensation is comprised of the business's income, after all other expenses, in proportion to the client assets that they supervise.

## Disciplinary History

**Do you or your financial professionals have legal or disciplinary history?** No

Visit [Investor.gov/CRS](https://investor.gov/CRS) for a free and simple search tool to research us.

**Questions to ask us:** As a financial professional, do you have any disciplinary history? For what type of conduct?

## Additional Information

For additional, up to date information about our investment advisory services or a copy of this relationship summary, please call Kim Cappelli at 203 - 629 - 2800. Additional detail about our services is also available at <https://adviserinfo.sec.gov/firms/summary/104623>