Item One: Cover Page

XXEC, Inc.
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Fredric E. Russell, Chief Compliance Officer
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Form ADV Part 2 Brochures Filed April 25, 2017 filed with Colorado and Oklahoma

Item Two: Material Changes

Since the annual update of this brochure on March 31, 2016, the firm has changed its address.

It has moved its office FROM:

1924 South Utica Avenue
Suite 1202
Tulsa, OK 74104

TO:

2200 South Utica Place
Suite 430
Tulsa, OK 74114

Item Three: Table of Contents

Item Four: Advisory Business

The Fredric E. Russell Investment Management Co. is a money management firm serving Aspen, Colorado and Tulsa, Oklahoma. Our firm was started in 1987 and our founder and principal owner, Fredric E. Russell, was born in New York City. Fred graduated from Deerfield Academy in Massachusetts in 1961 and then went on to Swarthmore College in Pennsylvania, graduating in 1965.

After earning an M.B.A. at Washington University in St. Louis, Fred taught accounting and finance at several universities before moving to Tulsa, Oklahoma, where he worked as an investment manager at a bank before founding The Fredric E. Russell Investment Management Co.

We manage all client accounts according to Fred's investment strategy. Clients who find us a good fit are long-term investors who do not need to frequently access the funds in their accounts. Required Minimum Distributions from Investment Retirement Accounts can be disbursed monthly, quarterly, or annually, according to the client's wishes.

The Fredric E. Russell Investment Management Co. **does not** participate in wrap fee programs.

We manage $79,970,665.00 of client assets on a discretionary basis as of April 25, 2017. This is one hundred per cent of our assets under management.

Item Five: Fees and Compensation

Our fee schedule is as follows:

- **Equities:** 1.50 percent of the market value of the account per annum, billed 0.375 percent every three months.
- **Minimum Annual Fee:** $3,750 per annum.

Fees are negotiable.

When the client first opens an account under our management with Charles Schwab & Co., Inc., our custodian, he or she chooses either to authorize us to debit the investment account each quarter for our management fee or to mail us a check for the management fee every quarter. We send each client a billing notice via electronic mail advising him of the amount of the fee and that it has been withdrawn. If the client chooses, we can send a paper copy of this notice through regular mail.

Clients also incur a per share commission charge from Charles Schwab & Co., Inc., the custodian and broker for their accounts. We have negotiated rates with Schwab that we believe are commensurate with the level of skill and service we and our clients receive from Schwab. We periodically renegotiate our commission rates to make sure that our clients are getting the best price for this service.

Our clients incur no other fees or expenses. Clients do not pay any fees in advance. We prorate client accounts if the account is not under our management for the entire quarter, for instance when the client first opens the account, as this almost never occurs precisely on the first or last day of a quarter. In such instances, we calculate a prorated fee that is simply the fee for the entire quarter divided by the number of days in the quarter and multiplied by the number of days the account was under our management.

We do not accept compensation for the sale of securities or other investment products.

Item Six: Performance-Based Fees and Side-By-Side Management

Our fee is a percentage of the market value of the client account as of the close of business on the last day of the quarter. Thus, our fee increases if the market value of your account increases and decreases if the market value of your account decreases. This is a performance-based fee.

Performance-based compensation may create an incentive for an adviser to recommend an investment that may carry a higher degree of risk to the client.

We do not charge hourly or flat-rate fees.

Item Seven: Types of Clients

Our clients consist primarily of high-net worth individuals. We manage individual accounts, Individual Retirement Accounts (IRAs), trust accounts, and self-directed 401(k) accounts for these individuals. We also manage profit sharing plans and charity nonprofit accounts.

Our minimum account size is $250,000.

Item Eight: Methods of Analysis, Investment Strategies and Risk of Loss

We do our own research by digging deep and using our own quantitative and qualitative analysis processes.

When we find a company of interest, we read the company's Securities and Exchange Commission 10-K filings and press releases and study the company's balance sheets and financial ratios.

If the company passes this first inspection, the firm discusses the company in depth and prepares tough questions for a call to the company's top executives.

Our phone calls with top management usually last about an hour as one probing question prompts another.

Fredric E. Russell will occasionally visit the company's headquarters and meet with company executives in person to view the company in action.

We are long-term investors and invest only in companies that we believe in enough to hold for years. That said, we frequently review the companies in our portfolio and will sell those we no longer believe will provide a good return for our clients.

We invest only in United States common stocks, publicly traded companies whose global headquarters are in the United States. Of course, many of the companies in our portfolio have significant global operations and are exposed to global risks, including but not limited to currency exchange rates and the political stability of countries in which these companies have operations.

We hold, at any one time, no more than twenty companies in our portfolio.

The client(s) understands and acknowledges that investors in any security class face many risks. We discuss some, but certainly not all, of these risks in the paragraphs below.

Common stocks have historically experienced greater risk when measured by price volatility, the standard deviation of annual returns, or other measures, than high grade fixed income securities. At the same time, common stocks have shown greater price appreciation than fixed income instruments. Common shares of U.S. based companies from 1925 through 2004, for example, whether small capitalization or large capitalization issues, have experienced greater annual price volatility, as well as greater annual price appreciation, than U.S. government debt issues.

Nevertheless there is no guarantee that common stocks purchased for the Portfolio (individually or as a group) will enjoy total annual returns exceeding, or even matching, for that matter, the total annual returns produced by high grade fixed income securities (such as U.S. government debt issues). Nor is there, conversely, any guarantee that U.S. government fixed income securities, or any fixed income security purchased for the portfolio during any given period will experience less volatility than suffered by common stocks, including those that may be purchased for the portfolio.

Furthermore, there is no guarantee that the historical pattern of any asset class with respect to risk, whether measured by price volatility or any other measure of risk, or return, will be maintained or repeated.

Also, stock prices may decline sharply and may not recover for long periods of time. In 1929, for example, large capitalization stocks, (defined by Ibbotson Associates as equities which comprise the Standard & Poor 500 or are similar in size to market capitalization of companies which comprise the Standard & Poor 500) fell 8.5%. In 1930, these equities declined a further 24.9%. In 1931, they again fell, this time by a staggering 43.34%! In fact, if an investor had taken positions in large capitalization stocks in 1929, he or she would not have recovered his or her capital, or broken even, until 1937. For an eight year period (1929-1937) which produced a return of zero, he or she would have suffered tremendous bouts of volatility and distress.

In March 2000, the Standard & Poor 500 reached an all time high of 1552.87. By October of 2002, it had fallen to 768.63, a decline of over 50%! If an investor had taken positions in the Standard & Poor 500 stocks in March 2000, he or she would not have recovered his or her capital or broken even until July 2007.

Both periods described above were very uncomfortable for the equity investor, but such experiences may reoccur.

The firm's historical investment return and volatility experience for any asset class is not guaranteed. Returns may be lower and volatility may be greater than the firm's historical experience.

The firm cannot eliminate unique (specific asset) or systemic (market) risk for common stocks. The firm will attempt to diversify these risks but there is no guarantee that the firm will be able to do so. Likewise, the firm cannot eliminate interest rate and credit risk for any fixed income securities.

Also, the portfolio is always subject to realized and unrealized losses in any asset class. The client(s) understands this and agrees to hold the firm harmless for such losses that may occur.

Clients must be aware of the risks enumerated in the previous paragraphs and be in a financial position to incur these risks and be willing to do so. The client has the responsibility to keep the firm informed of any changes in his or her risk profile, such as changes in net worth, current income needs, health, or any other circumstances, such as retirement or layoff, which would affect investment suitability and the asset allocation of the portfolio. The firm will have no liability in the management of the portfolio under this agreement in the event of any change in the above circumstances unless the client brings them to our attention. Furthermore, we have no duty to make these inquiries with respect to these circumstances.

The client also understands that the formulation of the firm's equity strategy is a subjective exercise. There is no universal or objective agreement on how to weigh the competitive advantages discussed in a company's marketing literature, including its brochure. For example, some analysts may consider market share more important than return on equity in deciding whether a company has important competitive advantages. Likewise, the very definition of competitive advantage is subjective: for example, the firm weighs some characteristics more heavily than others in assessing whether a company has a de facto franchise. This weighting may not enjoy universal agreement. Also, competitive advantages are not guaranteed to be perpetual, or to last for any given or specified time.

Furthermore, the firm may purchase some issues without pronounced competitive advantages, companies which are, nevertheless, in the opinion of the firm, sound investments.

The equity universe is a large universe, containing inevitably companies with greater risk than others. Some issues for example, purchased for the portfolio, may not pay a dividend and may have limited liquidity due to the number of shares outstanding and average daily trading volume. Likewise, some companies may have market share or balance sheets, or cash flows, superior to others. Likewise, some securities may have significant long-term or short-term debt, limited operating history, concentration in one product, or inexperienced management, or other characteristics which may make such investments more risky than other common stocks.

The client(s) will not hold the firm liable for any losses in the portfolio to the extent that any investments were made in good faith and, when applicable, were not contrary to the fiduciary standards of ERISA (Employee Retirement Income Security Act of 1974.) The client should ensure he or she has a financial profile suitable for investments in all issues described in Section 1.

Item Nine: Disciplinary Information

The Fredric E. Russell Investment Management Co. is involved in no legal or disciplinary events.

Item Ten: Other Financial Industry Activities and Affiliations

The Fredric E. Russell Investment Management Co. has no other financial industry activities or affiliations.

Item Eleven: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

The Fredric E. Russell Investment Management Co. maintains a Code of Ethics that covers ethical behavior as regards insider information, personal securities trading, privacy, internal controls, and written compliance procedures, among other things.

Each employee of the Fredric E. Russell Investment Management Co. receives a copy of the Code of Ethics upon employment. The Code of Ethics is reviewed and revised, as necessary, each year, and copies of the revised Code provided to all employees.

The firm will provide a copy of its Code of Ethics to any client or prospective client upon request.

Employees at the Fredric E. Russell Investment Management Co. do not, and the firm does not, recommend to clients, or buy or sell for client accounts, securities in which we have a material financial interest.

The code of ethics forbids any employee of the company who is involved in trading decisions from initiating short positions[1] in fixed income or common stock of securities when any client has a long position[2] in either type of security, and vice versa.

If the firm is buying securities and the employee wishes to have a position in that security, the price allocated to the employee must be higher than or equal to the average price paid by clients on the day of the purchase of a given security. Likewise, if the firm is selling securities and the employee wishes to sell part or all of his position, than the price allocated to the employee must be no greater than the average price received by the clients on the date of sale.

Employees involved in investment decisions are not permitted to participate in private placements or initial public offerings.

Item Twelve: Brokerage Practices

The Fredric E. Russell Investment Management Co. uses Charles Schwab & Co., Inc. as the broker-dealer for all trades for client accounts, either using our dedicated team of traders at the Charles Schwab & Co., Inc. Trading Desk in Phoenix, Arizona or the Schwab Institutional Web Trading Applet. We have negotiated rates with Schwab that we believe are commensurate with the level of skill and service we and our clients receive from Schwab. We periodically renegotiate our commission rates to make sure that our clients are getting the best price for this service.

The Fredric E. Russell Investment Management Co. receives no soft dollar benefits.

The Fredric E. Russell Investment Management Co. receives no client referrals from a broker-dealer or a third party.

The Fredric E. Russell Investment Management Co. requires that clients use Charles Schwab & Co., Inc. as the custodian and broker for client accounts. Not all advisers require their clients to use a specific custodian and broker. The firm and Charles Schwab & Co, Inc. are not affiliates and have no economic relationship that creates a material conflict of interest—in other words, Schwab does not pay us to make you use them. We simply feel we get excellent service for a reasonable price, and using one custodian and broker-dealer for all client accounts allows us to most effectively manage your money. Our Schwab trading team knows the firm and our investment strategies and trading style, which helps minimize costly trading errors. Schwab interfaces well with our Advent Axys portfolio management software, which means that we know the reports we run using this software are accurate and can be used for investment activity. Our Schwab support team speedily handles our requests and concerns. The client also has access to his or her account online at www.schwab.com and can contact Schwab Alliance with any questions or concerns.

We aggregate the purchase and sale of securities for all client accounts. This allows all clients to receive the average price paid for or received from the day's trading in the security, rather than some clients receiving a higher or lower price than others.

Item Thirteen: Review of Accounts

We frequently review client accounts. These reviews may be triggered by the addition or withdrawal of a material sum of money from a client account, the cash balance or percentage of cash held in an account, or

[1] You initiate a "short position" when you borrow securities to sell with the expectation the security will fall in value.
[2] You have a "long position" when you have bought a security with the expectation that it will rise in value.

other factors. We frequently review all client positions in one particular security (such as when a company reports earnings) and may decide to review particular client accounts that are over- or underweighted in the security or have a significant gain or loss on the security.

Reviews are conducted by Fredric E. Russell, CEO, and Qian Zhang, Portfolio Manager. Ying Qi and Katie Michaels-Johnson, Portfolio Management Assistants, also may from time to time review client accounts with Fred, Qian, or the client. Fred Russell makes all final investment decisions for the client.

Item Fourteen: Client Referrals and Other Compensation

No one who is not a client provides an economic benefit to the Fredric E. Russell Investment Management Co. or any of its employees for providing investment advice or other advisory services to our clients.

Item Fifteen: Custody

The Fredric E. Russell Investment Management Co. does not have custody of any client funds or securities. All client funds and securities except for those accounts associated with one legacy client are held by Charles Schwab & Co., Inc.

All of these legacy accounts are held at Bank of Oklahoma.

The custodians send monthly statements to the clients via electronic or paper mail, depending on the client's indicated preference. Clients should carefully review these statements. A client may also at any time request a statement from the Fredric E. Russell Investment Management Co., though the firm does not regularly send the client unsolicited statements.

Item Sixteen: Investment Discretion

When a client opens or transfers an account to the management of the Fredric E. Russell Investment Management Co., he or she signs a form, provided by Charles Schwab & Co., Inc., the custodian of the account, which grants the Fredric E. Russell Investment Management Co. limited power of attorney over the account. This means that the firm has the right to trade in equities and fixed income securities with no restrictions on behalf of the client, as summarized below:

> The client authorizes the firm, at the firm's discretion, and without requiring notice to the client, to invest in (a) U.S. common stocks and, from time to time, (b) U.S. government obligations, without any percentage limitation for the preceding two categories.
>
> To invest for the portfolio, the firm may use any cash held in the portfolio. This cash may arise from dividends, interest, cash deposits, and the sale of securities held in the portfolio. The firm may purchase and hold any security above without any percentage limitation. The client authorizes the firm to place buy and sell orders or investment instructions as it sees fit for the portfolio as well as to give investment and settlement instructions for the portfolio.
>
> The firm will use Charles Schwab & Co., Inc. as broker and custodian for the account. By using Charles Schwab & Co., Inc. to effect brokerage services for the client, the firm can negotiate block or professional investment or trading privileges for its clients and can link the firm's Advent software system that generates performance reports for the portfolio.

Item Seventeen: Voting Client Securities

With the exception of assets owned directly by the Fredric E. Russell Investment Management Co. or Fredric E. Russell, the firm does not vote the proxies for clients. Clients will receive their proxies or other solicitations directly from their custodian. Clients may call the firm with questions about a particular solicitation, but the firm cannot guarantee it will give advice regarding any particular solicitation.

Item Eighteen: Financial Information

The Fredric E. Russell Investment Management Co. does not require or solicit prepayment of any fees from the client.

The Fredric E. Russell has discretionary authority over client funds and securities. The Fredric E. Russell Investment Management Co. is unaware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.

The Fredric E. Russell Investment Management Co. has not been subject to a bankruptcy petition at any time during the past ten years, or ever.

Item Nineteen: Requirements for State-Registered Advisers

The Fredric E. Russell Investment Management Co. is registered with the state securities authorities of the states of Colorado and Oklahoma.

Fredric E. Russell is chief executive, financial, operations, and legal officer of the Fredric E. Russell Investment Management Co. The following is Fred's autobiography:

> Born in New York City on February 17, 1944.
>
> Fred graduates from Deerfield Academy in 1961 and in 1965 graduates with a B.A. in history.
>
> In 1965 Washington University in St. Louis, MO accepts Fred into the Ph.D. program in history, awarding him a National Defense Education Act Fellowship.
>
> Decides to accept M.A. in History and not pursue a Ph.D.
>
> Returns to Washington University in 1970, enrolling in the MBA program, and majors in finance. Receives MBA in 1972. Focus is investments.
>
> Combines teaching and studying accounting for two years at Eastern Michigan, one year at Sam Houston State University in Huntsville, Texas, and one year at Montana State University in Bozeman, Montana. Continues with teacher/student strategy until passes all parts of the CPA exam.
> Leaves teaching profession after mastering accounting. Next goal is to put everything to work in the professional investment management business. Lands position with major bank in Tulsa, Oklahoma, Fourth National Bank of Tulsa, as investment officer in the bank's trust department.
>
> Develops following among trust department clients and in September, 1987 forms the

Fredric E. Russell Investment Management Co., dedicated to high levels of personal service and creative investment work. Investment strategy will not be complicated. Also, firm will do its own research.