

Firm Brochure
Item 1 – Cover Page

Miles Capital, Inc.
1415 28th St. Suite 200
515-453-8400
Miles-Capital.com
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This brochure provides information about the qualifications and business practices of Miles Capital, Inc. as required by Part 2 A of Form ADV. Form ADV is the form we file to register and be licensed to do business as investment advisers and comply with federal and state securities laws. The information presented is responsive according to the sequential “Items” of the form. If you have any questions about the contents of this brochure, please contact us at the numbers above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any State Securities Authority.

Additional information about us is also available through the SEC’s website www.adviserinfo.sec.gov (click on the link, select “investment adviser firm” and type in our firm name). Through this link you will be able to obtain our entire Form ADV.

We are registered as an investment adviser with the SEC. Our federal registration does not imply any level of skill or training. The oral and written communications we provide to you, including this Brochure, is information that you should use to evaluate us (and other advisers) to hire us or to continue using our services.

Item 2 – Material Changes

There are no “material changes” to the Brochure since our last amendment. We may, at any time, update this Brochure and if we do we will either send you a copy or offer to send you a copy (either by electronic means (email) or in hard copy form). If you would like another copy of this Brochure, please download it from the SEC Website as indicated above or you may contact our Chief Compliance Officer, Vera Lichtenberger, at 515-453-8400 or info@miles-capital.com.

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Item 4 – Advisory Business

We are an investment adviser registered with the Securities and Exchange Commission. We are a wholly owned subsidiary of Miles Capital Holdings, Inc., an Iowa corporation. David Miles is our Chief Executive Officer and is the principal owner of Miles Capital Holdings, Inc. Guided by the principles of client service, integrity and investment performance, we have successfully served insurance companies, institutions, municipalities and government agencies, foundations and endowments, retirement plans and individual investors since our organization in 1982.

We provide investment supervisory services to our clients through customized portfolios of securities, which include equity securities (exchange-listed securities, exchange-traded funds, securities traded over-the-counter, and foreign issues); warrants; corporate debt securities; commercial paper; municipal securities; investment company securities (mutual funds shares); United States Government securities; and other securities, including convertible bonds, or preferred stocks. We do not call any of our services financial planning. Miles Capital provides investment supervisory advisory services for a fee calculated as a percentage of the value of assets under management.

We provide regular and continuous investment supervisory services tailored to the individual needs of our client. These services include, but are not limited to, the purchase, sale, retention or other disposition of securities. Periodic reporting to clients ranges from monthly to quarterly reports of performance. Client reporting may also be done by the trustee, broker or custodian holding the securities. We require \$10,000,000 minimum in assets or a \$50,000 minimum annual fee on new accounts, except as otherwise noted. This restriction may be waived at the discretion of senior management.

Wrap Fee Program Management Services

We do not sponsor wrap fee programs, but we do serve as an investment advisor in wrap fee programs offered by unaffiliated broker-dealers that act as sponsors for these accounts. In such wrap accounts, the client pays no brokerage or other costs of investment, but pays a flat fixed fee to the sponsor. We provide advisory services to these accounts and receive a percentage of the total wrap fee collected by the sponsor. The sponsor usually retains the remainder of the wrap fee to cover its costs for brokerage services and administrative functions. The level of wrap fee is determined by the program sponsor and Miles Capital's portion of the fee is negotiated with each sponsor.

Termination of Agreements

Termination of our agreements is upon written notice given by either party, depending on the contract, 10, 30, or 60 days in advance. Written notice of termination can be made in accordance with the contract to Amy Mitchell, Director, Administration, Miles Capital, Inc., 1415 - 28th Street, Suite 200, West Des Moines, IA 50266.

If a contract becomes effective or terminates before the end of any period, the investment management fee for the period from the effective date to the end of such period or from the beginning of such period to the date of termination, as the case may be, shall be prorated. Any unearned fees collected in advance will be refunded. Any earned fees to be collected in arrears will be billed or collected from the account.

Custody

Clients must select a custodian to hold the assets in their account, which will be an additional cost. We never act as custodian and as a result never hold client securities, monies or other assets.

Mutual Fund Investment Management and Other Services

We provide discretionary asset management to two (2) registered investment management companies or mutual funds. In each case we exercise discretion in the purchase and sale of securities for the fund consistent with the investment objectives and restrictions described in the funds' prospectuses. Our agreement with each fund is approved annually by each fund and may be cancelled by either party on sixty (60) days advance written notice.

The funds and their fee arrangements are as follows:

Iowa Public Agency Investment Trust (IPAIT) is a registered investment company founded in 1987 to provide a money market fund to assist Iowa cities, counties, and municipal utilities in their cash management needs. We serve as the investment adviser for IPAIT, as well as its administrator. As advisor, we receive an annualized fee payable monthly equal to 0.09% of the average daily net assets on assets up to \$150 million, declining to 0.07% for assets greater than \$150 million and less than \$250 million and declining to 0.55% for assets greater than \$250 million for each portfolio (subject to fee waivers as market conditions warrant).

The Institutional Money Market Fund is a separate series of Miles Funds, Inc. It is a money market fund for educational institutions. Our fees for managing this fund are 0.35% of its average annual daily net assets (subject to fee waivers as market conditions warrant).

Administration Services

We provide various services to registered and unregistered mutual funds and local government investment pools, including administration, fund accounting and transfer agency. These services may also include shareholder accounting, preparing and mailing monthly statements, transaction confirmations, information statements, calculation of net asset values, calculation and distribution of portfolio income, financial reporting, SEC filings, and compliance. We receive a fee for these services separately negotiated with each client. Finally through our Fixed Term Automated Program we receive negotiated fees which vary by state for assisting state and local governments in the investment of public funds in government treasuries and agency securities, banks and other financial institutions.

In managing client assets, we may invest in mutual funds or exchange traded funds. These funds include in their operating expenses a management fee to an investment adviser. Investments in funds result in a layering of fees. Mutual funds incur other costs and expenses that are in addition to fees paid to us.

As of December 31, 2010, we had \$3.5 billion in assets under management, all of which are discretionary.

Item 5 – Fees and Compensation

All fees are subject to negotiation. The specific manner in which fees are charged by us is established in a client's written agreement with us. We will generally bill fees on a quarterly basis. Clients may be billed directly for fees or to authorize us to directly debit fees from the account. Our fees are not prorated for each capital contribution and withdrawal made during the applicable calendar quarter. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

Our fees are exclusive of certain fees and charges imposed by custodians, brokers, third party investment managers and other third parties such as custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. From time to time, we and or our clients may receive documents for filing of class-action claims related to litigation involving securities now held or previously held in a managed account. If we receive such documents, we will forward them to you. It is the client's sole responsibility to determine if the claim is of sufficient value to warrant pursuit of the claim. Unless we

otherwise agree the client retains the responsibility for filing any such claim. We may however assist the client in filing claims, if so requested, for a fee negotiated in each case.

Here is a sample fee chart:

		<u>Minimum Revenue</u>	<u>AUM</u>	<u>Fee (bps)</u>	<u>Sub- Advisory</u>
Large Cap Equity		\$50,000	First \$10 Million	65	50 bps
			Next \$15 Million	60	
			Next \$25 Million	50	
			Thereafter	45	
Diversified Equity Income		\$50,000	First \$10 Million	70	50bps
			Next \$15 Million	65	
			Next \$25 Million	60	
			Thereafter	50	
Small Cap		\$50,000	First \$10 Million	90	50 bps
			Next \$15 Million	85	
			Next \$25 Million	80	
			Thereafter	75	
Fixed Income		\$50,000	First \$10 Million	35	35 bps
			Next \$15 Million	30	
			Next \$25 Million	25	
			Thereafter	15	
Insurance		\$50,000	First \$25 Million	35	Custom
			Next \$15 Million	30	
			Next \$25 Million	25	
			Thereafter	15	
Asset Allocation Passive	AUM	Fee (bps)	First \$10 Million	50	Custom
			Thereafter	25	
	Minimum			\$40,000	
Active Mgt. Overlay	First \$10 Million		30		Custom
	Thereafter		25		
AA Models					60 bps

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 our investment supervisory management services to insurance companies and other corporations, banks, corporate pension and profit-sharing plans, Taft-Hartley plans, charitable institutions, foundations, endowments, municipalities, registered mutual funds, private investment funds, trust programs, other U.S. and international institutions, and high net worth individuals.

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

Our investment process has been honed through more than a quarter-century of faithful adherence to our disciplined investment model and our focus on risk-aware portfolio construction. We seek to provide investment strategies that identify and control risk while capitalizing on long-term economic, demographic and cultural trends, as well as fundamental shifts in business practices. We evaluate holdings through our own fundamental research, a proven valuation model and access to outside resources.

We have chosen to comply with the GIPS standards to assure our clients and prospective clients that the historical performance reported is both complete and fairly presented. The GIPS standards represent industry best practices and compliance demonstrates a firm's commitment to ethical practices. Firms complying with the GIPS standards benefit from the standardized framework and internal controls that ensure consistent and directly comparable investment information. Our compliance is independently audited and verified.

Investment Strategies

Equity

Our equity team manages a variety of equity strategies including:

- Small Cap Core
- Diversified Equity Income
- Large Cap Diversified
- Large Cap Value
- Large Cap Growth

Each strategy is managed according to the same investment philosophy and process. In particular, we believe that buying high quality stocks, trading at a reasonable valuation, at the right moment in time is the key to generating long-term excess returns. In addition to

mining for new stock ideas, the five member equity team concurrently manages, for each strategy, a well-diversified model portfolio upon which all client portfolios are based. For each strategy, the process begins with sector-by-sector screening of the stocks in the relevant index. In this step, multi-factor analysis is applied to determine a multi-factor score for each stock in a sector, based on quality and valuation ratios and examination of price relative strength.

In the next step, fundamental analysis is applied to the top five scoring stocks in a sector. This includes the assessment of growth drivers, strengths & risks, and identification of short-term appreciation catalysts. The result is the identification of the two stocks with the best fundamental thesis. These two stocks are added to the Focus List, which is a list of the best two ideas in each sector. The equity team updates the multi-factor score and fundamental analysis on a weekly basis for each stock on the Focus List and for each portfolio holding.

In the final step of the process, the equity team swaps one of the best ideas on the Focus List with one portfolio holding that is exhibiting weakness in the multi-factor score or fundamental thesis. Also, the weight of a stock will be reduced to 2 percent if its weight in the portfolio appreciates to more than 3 percent. Further, a stock will be sold, without regard to fundamental factors, if its price underperforms the sector by more than 25 percent over the holding period. Based on these criteria, the equity team typically implements one swap per week. In addition to the implementation of swaps, key portfolio metrics such as sector diversification and tracking error, are monitored on a weekly basis. The combination of these steps results in a consistent, repeatable process with a goal toward delivering excess returns over the market cycle.

Fixed Income

Our fixed income team manages a variety of strategies, including:

- Low Duration
- Intermediate Core
- Intermediate High Quality
- Intermediate Government
- Core
- Cash

Each of these strategies is managed according to the same investment philosophy and process. In particular, it uses a time-tested and proven fixed income investment philosophy and process to guide effective investment decisions and generate superior

performance. Investment decisions are driven by the opportunity to capture additional returns while managing portfolio risk. Since 1982, the firm's philosophy has emphasized three central tenets:

- Capital preservation
- Risk-aware portfolio construction
- A focus on our long-term view of the economy and financial markets

Our fixed income investment process begins with a disciplined top-down analysis of the global and domestic trends that influence the U.S. dollar denominated fixed income market. Our process further defines a desired level of interest rate risk, yield curve positioning, sector rotation and security selection. The selection of specific issues to be included in a portfolio is a bottom-up process which identifies the best securities within a sector or industry that already has been identified as attractive through the top-down analysis. Collectively, these decisions are combined with defined risk parameters to achieve an optimal portfolio. This process, consistently applied over time, has a goal of keeping benchmark tracking error to the benchmark low as well as a goal of delivering consistent returns in excess of the benchmark over the market cycle.

All investments carry risk of loss that clients should be prepared to bear. These risks include:

- Market Risk: This is the risk that market influences will affect expected returns of all equities and bonds in ways that were not anticipated.
- Interest Rate Risk: This is the risk that returns will be better or worse than expected because of changes in the level of interest rates.
- Credit Risk: This is the risk associated with the ability of the firm that issues securities to meet its obligations on those securities.
- Security Selection Risk: This is the risk that the security selected does not perform as well as other similar securities.

Past performance is no guarantee of future performance. An investment is not a deposit in a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

Item 9 – Disciplinary Information

We have had no legal or disciplinary actions in the last ten years or otherwise.

Item 10 – Other Financial Industry Activities and Affiliations

We serve as administrator and provide fund accounting and transfer agent services to mutual funds and local government investment pools, for which it is separately compensated.

Miles Capital is the adviser, administrator, and program support provider for the Iowa Public Agency Investment Trust ("IPAITS"). Founded in 1986, IPAITS is a diversified open-end investment company operated as a money market fund designed exclusively for the public agencies in the State of Iowa.

Miles Capital is also the adviser, administrator, fund accountant, and transfer agent for the Institutional Money Market Fund, which is a separate series of Miles Funds, Inc. which is also a diversified open-end investment company operated as a money market fund. We also have agreements with certain broker-dealers, their representatives and other persons that compensate such persons as solicitors for assisting us with finding new clients. Solicitor agreements comply with Rule 206 (4) – 3 under the Investment Advisors Act of 1940 and are in writing. Disclosure of the agreement and the fee paid is provided to clients before establishing an advisory relationship with client. The "finder's fee" is usually a flat fee or a percentage of the advisory fees that we receive. The fee is paid from the fees we collect and is not paid by the client.

We also receive payments from Federated Investors for clients who have invested in Federated Funds. Certain of Miles Funds were transferred to Federated, who pays a fee to Miles Capital based on the continued investment of transferred shareholders.

The receipt of fees from third parties arising from our investment of a client's assets in a fund or other program sponsored by or related to such third party creates a conflict of interest for us as it may create an incentive for us to recommend or invest in the fund because of the fee that may be paid to us. All such payments are normally disclosed in the prospectus or other offering material for the fund. While this conflict of interest is present it is our policy to recommend and or select investments based on the investment objective and policies implemented for each client.

Item 11 – Code of Ethics

We have adopted a Code of Ethics describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the

confidentiality of client information, a prohibition on insider trading, a prohibition against spreading rumors, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All employees at Miles Capital must acknowledge the terms of the Code of Ethics annually, and whenever it is materially amended.

We anticipate that, in appropriate circumstances, consistent with clients' investment objectives, it 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 clients, directly or indirectly, have a position of interest. Our employees and persons associated with us are required to follow the Code of Ethics. Subject to satisfying this policy and applicable laws, our officers, directors and employees may trade for their own accounts in securities which are 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 advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of our clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between us and our clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with our obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. We will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

Our clients or prospective clients may request and receive a copy of the firm's Code of Ethics by contacting Vera Lichtenberger, Chief Compliance Officer, at 515-453-8400 or info@miles-capital.com.

It is our policy that the firm will not affect any principal or agency cross securities transactions for client accounts. We generally do not allow cross trades between client accounts, and specifically will not allow cross trades between client accounts without both clients' specific written authorization. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer. Miles Capital is an investment adviser only and is not dually registered.

Item 12 – Brokerage Practices

Best Execution

In selecting broker-dealers to execute clients' portfolio transactions, consideration is given to such factors as the price of the security, the rate of the commission, the size and difficulty of the order, the responsiveness, reliability, integrity, financial strength, general execution and operational capabilities of the broker, and brokerage and research services provided by them. It is not the policy of Miles Capital to seek the lowest available commission rate when it believes that a broker-dealer charging a higher commission rate would offer greater reliability or provide better price execution. Commissions negotiated by us with the broker-dealer will be fair and reasonable.

Directed Brokerage

Some clients have custodial arrangements with broker-dealers (Directed Broker). These clients may direct us to use the custodial Directed Broker or an affiliate or subsidiary of the custodial Directed Broker for trade execution. In all situations where the client directs us to use a Directed Broker for custody, trades will be executed through this Directed Broker. We will not negotiate commission rates but instead will execute trades at the previous rate negotiated by the client with the Directed Broker. This practice may limit our ability to otherwise negotiate commissions to obtain best execution.

In accounts where the client designates a Directed Broker to execute trades: 1) client's commission rate may be higher than rates that we obtain for accounts for which we choose the executing broker-dealer; 2) client may not participate in cost savings from block orders

submitted by us; 3) client may also incur other transaction costs, or greater price spreads or receive less favorable net prices on transaction than might otherwise be the case.

Block Trades

We may aggregate securities orders for clients and submit these as a block or "batch" order. Block trades are placed on an alphabetical rotational basis, by Directed Broker, until complete. The starting point in the rotation moves up with each block trade. Client accounts, which are not directed brokerage accounts (discretionary accounts), are grouped together as one entity to trade in the rotation. Client accounts that participate in such block orders receive an order fill at the average share price for the Directed Broker entity of the block order execution. This average share price may or may not be more favorable than client's order submitted separately. Some clients participating in block transactions pay their individually negotiated commission rates instead of a pro rata commission.

Soft Dollars

In purchasing and selling securities for its clients, we seek to obtain quality execution at favorable security prices through responsible broker-dealers, at competitive commission rates. However higher brokerage commissions (Soft Dollars) may be paid in return for brokerage as well as research and services (Research).

To the extent that portfolio transactions are effected with broker-dealers who furnish Research to us, we receive a benefit, not capable of valuation in dollar amounts, and without providing any direct monetary benefit to our customers. We maintain a list of approved broker-dealers, which is used in the placement of our securities transactions business, in order to induce certain broker-dealers to provide us with Research.

We may receive products and services which are used for both Research and other purposes such as administration and marketing. We determine the relative proportions of such products or services which may be attributed to Research. The portion attributable to Research may be paid through the Soft Dollars generated by the client brokerage commissions, and the non-Research portion will be paid in cash by us.

Although no client pays additionally for this Research, commissions charged by broker-dealers who supply such Research may be greater than those who do not. Since we use Research received from broker-dealers for managing all of our accounts, the burden of paying for this research may fall on clients who do not direct their brokerage.

The Research from broker-dealers includes information on the economy, industries, groups of securities, individual companies, statistical information, accounting and tax law

interpretations, political developments, legal developments affecting portfolio securities, technical market action, pricing and appraisal services, credit analysis, risk measurement analysis, performance analysis and analysis of corporate responsibility issues. Research is received primarily in the form of written reports, computer generated services, telephone contacts and personal meetings with security analysts. Some Research is generated by third parties but is provided to Miles Capital by broker-dealers.

The broker-dealer may provide Research pursuant to an agreement entered into to compensate the selected broker-dealer for Research provided. We maintain internal allocation procedures to identify those brokers-dealers who have provided us with Research and the amount provided, and endeavor to direct sufficient commissions to ensure continued receipt of such Research.

Research received from broker-dealers is supplemental to our own research efforts and, when utilized, is subject to internal analysis before being incorporated by us. We pay cash for certain research services received from external sources. While the receipt of Research from brokerage firms has not reduced Miles Capital's normal research activities, the expense of Miles Capital could be materially increased if it attempted to generate such additional information through its own staff. To the extent that Research is provided by broker-dealers, we are relieved of expense which we might otherwise bear.

We will authorize payment of an amount of commission for effecting a securities transaction in excess of the amount of commission another broker-dealer would have charged only if we determine in good faith that such amount of commission is reasonable in relation to the value of the brokerage and Research provided by such broker-dealer, viewed in terms of either that particular transaction or our overall responsibilities with respect to the accounts as to which we exercise investment discretion.

Soft Dollar benefits are not limited to those clients who may have generated a particular benefit. Soft Dollar benefits are not proportionally allocated to any accounts that may generate different amounts of the Soft Dollar benefits.

Client Directives

Clients may designate certain securities or types of securities which, for various reasons, they prefer to hold or not to hold or cannot hold in their accounts. Clients may also restrict purchase or sale of certain issues or amounts of gain or loss to be realized in any given tax year. These client restrictions may or may not adversely affect investment returns.

Trade Errors

When a trading error occurs, we will reimburse any losses to the client caused by our error. If the error results in a gain (after costs of correcting the error) the client will benefit. There may be exceptions depending upon the circumstances surrounding the error.

IPO Allocation

Most major broker-dealers participate in the underwriting of initial public offerings (IPOs). IPOs are usually quite volatile and are not appropriate for all investment styles. Shares are usually allocated within an underwriting syndicate among the broker-dealer's own clients. Clients who specify a broker-dealer as their custodian may not be eligible to participate in a particular IPO unless their broker-dealer is part of the underwriting syndicate. If we acquire shares in an IPO for our clients, we will allocate IPO shares first, on the basis of eligibility, that is, the appropriate fit with the investment strategy and risk, custody arrangements, and broker-dealer's participation in the underwriting. The allocation will be made on the appropriateness for the particular account. Finally, allocation will be made on a rotational basis so that eligible accounts have an opportunity to participate at sometime. Not all eligible accounts will participate in every allocation of IPO shares.

Item 13 – Review of Accounts

All accounts are continuously monitored and reviewed by the investment team (whose members are outlined in the Brochure Supplement) to ensure consistency of performance and adherence to the client's investment objectives and guidelines. Interim reviews are triggered by a number of factors, including changes in these objectives and guidelines. Separate account clients typically receive a portfolio statement at least quarterly, including a list of portfolio holdings, performance data, and comments by the Portfolio Manager regarding the strategy employed. Supplementary reports are available upon request. In addition to these reports, some clients receive reports directly from their advisor, broker, or custodian, including confirmation of trades executed for their account. Most clients also receive complimentary research pieces developed by us. . Relationship managers meet with clients at least annually, reviewing performance, investment objectives and guidelines.

For mutual funds, regulatory reports are prepared and filed with the SEC. Information is also prepared and presented to the fund board. In addition, the board and each shareholder are provided with an Annual Audited Financial Report and a Semi-Annual Unaudited Financial Report.

Item 14 – Client Referrals and Other Compensation

See Item 10 – Other Financial Industry Activities and Affiliations for a discussion of client referrals and other compensation we receive.

Item 15 – Custody

We do not act as a custodian and will not take possession of a client's securities or other assets. In establishing a relationship with us we recommend that the client use a bank or trust company or broker-dealer as custodian of the client's assets. At the client's request, we may suggest a specific custodian based on execution, clearance and settlement capabilities and costs, and Miles Capital's knowledge of the custodian's financial stability and capabilities. We are not compensated for this assistance by either the client or by the custodian.

Clients should receive at least quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains client's investment assets. Clients should carefully review such statements and compare them 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.

Item 16 – Investment Discretion

We usually receive discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. The authority and any limitations on our authority will be described in our written agreement with the client.

When selecting securities and determining amounts, we observe the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, our authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Item 17 – Voting Client Securities

Some Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in their portfolios. In other cases we may assume this responsibility. We may also simply provide advice to clients regarding the clients' voting of proxies.

If a client directs us to vote proxies, we currently utilize the ProxyEdge system to facilitate voting of proxies for managed accounts as well as reporting for proxy activity and decisions.

Clients may obtain a copy of our complete proxy voting policies and procedures upon request. Clients may also obtain information from us about how we voted any proxies on behalf of their accounts. Clients are offered this report annually.

Item 18 – Financial Information

To our knowledge we have no financial commitments that impair our ability to meet contractual and fiduciary commitments to clients. We have never been the subject of a bankruptcy proceeding.