

Form ADV Part 2A
Investment Advisor Brochure
Andrews Capital Management, Inc.

Cover Page

Name of Registered Investment Advisor	Andrews Capital Management, Inc.
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This Form ADV Part 2A (Investment Advisor Brochure) gives information about the investment advisor and its business for the use of clients and prospective clients. If you have any questions about the contents of this brochure, please contact us using one of the methods listed 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. Registration is mandatory for all persons meeting the definition of investment advisor and does not imply a certain level of skill or training.

Additional information about our firm is available on the SEC’s website at: www.adviserinfo.sec.gov.

Material Changes

Material changes to the ADV Brochure will be provided as a separate document to clients who have received previous versions of brochure.

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Advisory Business

Advisory Firm

Andrews Capital Management, Inc. (“Andrews”) has been providing investment supervisory services since 1995. Mark W. Andrews is the founder and President and has been in the financial services industry since 1979. He is the 100% owner of Andrews Capital Management, Inc.

Advisory Services

① Andrews provides fee-only investment supervisory services (“Capital Management”). The only compensation Andrews receives is from its clients. Andrews does not recommend investments on which it receives commissions or fees from outside parties. Andrews receives no compensation related to the sale of products recommended, or from referrals to other professionals. There are no conflicts of interest stemming from these areas.

The investment philosophy is towards long term investing using diversified portfolios. All plans and managed portfolios are based on the clients’ individual needs, and portfolios may include individual stocks, mutual funds, exchange traded funds, corporate bonds, municipal bonds, government securities, CD’s, and REITS. The client is under no obligation to act upon the investment adviser’s recommendation, and if the client elects to act on any of the recommendations, the client is under no obligation to effect the transaction through the investment adviser.

As of 4/30/12, Andrews had \$86,010,206 of assets under management on a discretionary basis.

An initial interview and data gathering questionnaire is undertaken to determine the client’s individual needs and risk tolerance. Andrews determines the investment plan and asset allocation. Clients may call in at any time during normal business hours to discuss directly with the advisory affiliate about the client’s account, financial situation, or investment needs. Clients will receive transaction statements as they may occur during a month, and periodic statements of account from the custodian. Clients will receive a quarterly report from Andrews. The clients will have a direct and beneficial interest in his/her securities, rather than an undivided interest in a pool of securities. Clients have the ability to leave standing instructions with the advisory affiliate to refrain from investing in particular industries, or invest in limited amounts of securities.

② Andrews provides Financial Plans consistent with the individual client's financial and tax status and risk/reward objectives. Planning may be comprehensive, or be “segmented” and focus on investments, insurance, taxes, and/or estate plans.

Fees and Compensation

Fees for Financial Plans are computed at the hourly rate of \$150. The maximum fee for a comprehensive plan is \$1,500. Clients will be quoted an estimated fee upon execution of the Agreement, but fees will be due and payable in arrears for actual hours (up to the maximum fee).

Fees for Capital Management are computed at a percentage of assets under management as follows:

	Amount	Annual %
Equities	first \$750,000	1.00%
	next \$750,000	.75%
	\$1,500,000 +	.50%

Fixed Income	Total	.50%
Cash & Equiv.	Total	.50%

These fees are for advisory services only and do not include any transaction fees or commissions paid to the custodian.

For Capital Management the fee will be payable quarterly in arrears. The first payment is assessed and due at the end of the first calendar quarter and will be assessed pro rata in the event the Agreement is executed at any time other than the first day of the current calendar quarter based on the value of the account assets under supervision as of the close of business on the last business day of that quarter. Subsequent payment are assessed and due at the end of each calendar quarter based on the value of the account assets under supervision as of the close of business on the last business day of that quarter.

Payment of fees may be paid directly by the client; or payment of fees may be made by the custodian holding the client's funds and securities. However five criteria must be met when payment is made by the custodian, (1) the client provides written authorization permitting the fees to be paid directly from the client's account held by the independent custodian, (2) Andrews sends to the client a bill showing the amount of the fee, the value of the client's assets on which the fee is based, and the specific manner in which the fee was calculated, (3) Andrews hereby discloses to the client that it is the client's responsibility to verify the accuracy of the fee calculation and that the custodian will not determine whether the fee is properly calculated, (4) Andrews sends a bill to the custodian indicating only the amount of the fee to be paid by the custodian, and (5) the custodian agrees to send to the client a statement, at least quarterly, indicating all amounts disbursed from the account including the amount of advisory fees paid directly to Andrews. Andrews does not and will not have custody of client's funds or securities.

Fees may be negotiable.

Fees are not collected for services to be performed more than six months in advance.

Lower or higher fees may be found for comparable services. In addition to fees paid for advisory services with respect to clients' investments in mutual funds and exchange traded funds, clients pay additional fees because the mutual funds and exchange traded funds also pay advisory and /or management fees to an investment advisor.

The client may terminate the Agreement without penalty (no fees due) within five business days of signature.

After the first five days, for Capital Management, services will continue until either party terminates the Agreement on five days written notice. If termination occurs prior to the end of a calendar quarter, the client will be invoiced for fees due on a pro rata basis.

After the first five days, for financial planning, the client may terminate the Agreement at any time and will be billed at the hourly rate based on time and effort expended before termination. The Agreement for financial planning terminates upon delivery of the financial plan.

Any controversy or claim, including, but not limited to, errors and omissions arising out of or relating to our Agreement or the breach thereof, shall be settled by arbitration in California in accordance with the code of Commercial Arbitration of the American Arbitration Association, and judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. Client understands that this agreement to arbitrate does not constitute a waiver of the right to seek a judicial forum where such a waiver would be void under the federal securities laws. Arbitration is final and binding on the parties.

Performance-Based Fees And Side-By-Side Management

Andrews does not charge performance-based fees, which are based on capital gains in the client account.

Types of Clients

Andrews provides advisory services to individuals, pension and profit sharing plans, trusts, and charitable organizations.

Andrews generally recommends that our clients start with a minimum portfolio of \$500,000 for Capital Management.

There is no recommended minimum for clients retaining financial planning services.

Methods of Analysis, Investment Strategies, and Risk of Loss

Analysis utilized includes charting, fundamental, technical, and cyclical.

Andrews uses asset allocation strategies for portfolio management, and believes that investment success is achieved through diversified portfolios, with each client's portfolio constructed and managed according to their individual goals and risk tolerance. To the extent mutual funds are used in a portfolio, only no-load or load-waived funds are used. Andrews does not day trade or try to time the market, valuing instead a long term perspective. The investment goal is to maximize clients' after-tax returns commensurate with their risk tolerance. A low turnover approach is used, focusing on keeping realized capital gains to a minimum. Taxable and tax-deferred accounts are used.

By its nature, financial planning looks to the long-term. After the client's short-term cash needs and emergency fund is evaluated, investment and insurance strategies are designed to help the client achieve his or her financial goals. Casualty insurance (e.g. homeowner's, auto, liability, etc.) is reviewed only at the client's request, and would be provided by an outside casualty firm.

While there is risk in all investments, some carry a greater degree of risk or higher costs. There is no guarantee that the investment strategy selected for the client will result in the client's goals being met, nor is there any guarantee of profit or protection from loss.

Disciplinary Information

An investment advisor and its supervised persons (advisory affiliates) must disclose material facts about any legal or disciplinary event that is material to a client's evaluation of the advisory business or of the integrity of its management personnel. Andrews does not have any disclosure items.

Other Financial Industry Activities and Affiliations

Andrews and its advisory affiliates are not engaged in any other business activities.

Code of Ethics, Participation or Interest In Client Transactions, and Personal Trading

Code of Ethics

Andrews maintains a Code of Ethics. The Code of Ethics sets forth standards of conduct expected of advisory personnel; requires compliance with federal securities laws; and, addresses conflicts that arise from personal trading by advisory personnel. Clients may request a copy of the Code of Ethics.

Personal Trading

At times Andrews and/or its advisor affiliates may take positions in the same securities as clients, and we will try to avoid conflicts with clients. The firm and its advisor affiliates will generally be “last in” and “last out” for the trading day when trading occurs in close proximity to client trades. We will not violate our fiduciary responsibilities to our clients. Scalping (trading shortly ahead of clients) is prohibited. Should a conflict occur because of materiality (i.e. a thinly traded stock), disclosure will be made to the client(s) at the time of trading. Incidental trading not deemed to be a conflict (i.e. a purchase or sale which is minimal in relation to the total outstanding value, and as such would have negligible effect on the market price), would not be disclosed at the time of trading.

Brokerage Practices

Selection or recommendation of broker/dealers

Andrews recommends that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, to maintain custody of clients’ assets and to effect trades for their accounts. The selection is made on the discount rates and execution services available to the client. Clients may pay transaction fees to Schwab for the purchase of “no-load” funds. Schwab provides the clients with consolidated statements.

Andrews is independently owned and operated and not affiliated with Schwab. Andrews does not receive any commissions or fees from recommending these services. Schwab provides Andrews with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services are generally available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor’s clients’ assets is maintained in accounts at Schwab Institutional and is not otherwise contingent upon Andrews committing to Schwab any specific amount of business (assets in custody or trading). Schwab’s services include brokerage, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. For Andrews clients’ accounts maintained in its custody, Schwab generally does not charge separately for custody but is compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Soft Dollar Practices

Schwab also makes available to Andrews other products and services that benefit Andrews but may not benefit its clients’ accounts. Some of these products and services assist Andrews in managing and

administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements); facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts); provide research, pricing information and other market data; facilitate payment of Andrews fees from its clients' accounts; and assist with back-office functions, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of Andrews accounts. Schwab Institutional also makes available to Andrews other services intended to help Andrews manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. In addition, Schwab may make available, arrange and/or pay for these types of services rendered to Andrews by independent third parties. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third party providing these services to Andrews. As a fiduciary, Andrews endeavors to act in its clients' best interests, and acknowledges its duty of best execution for its clients. Andrews' recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefit to Andrews of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

Trade Aggregation

While individual client advice is provided each account, client trades may be executed as a block trade. Andrews encourages its existing and new clients to use Andrews' "lead custodian." Only accounts in the custody of the lead custodian would have the opportunity to participate in aggregated securities transactions. All trades using the lead custodian will be aggregated and done in the name of Andrews. The executing broker will be informed that the trades are for the account of Andrews' clients and not for Andrews itself. No advisory account within the block trade will be favored over any other advisory account, and thus, each account will participate in an aggregated order at the average share price and receive the same commission rate. The aggregation should, on average, reduce slightly the costs of execution, and Andrews will not aggregate a client's order if in a particular instance Andrews believes that aggregation would cause the client's cost of execution to be increased. The Custodian will be notified of the amount of each trade for each account.

Review of Accounts

Generally the clients retaining services for financial plans would not receive any scheduled reviews or on-going reports, unless we are specifically retained for these services. We recommend that clients review goals and objectives on an annual basis. Financial planning clients receive a written financial plan at the time of service.

For portfolios we are managing ("Capital Management") reviews are generally performed quarterly for asset allocation. News on the assets or changes in the economy would trigger a more frequent review. All clients receive standard account statements from investment sponsors and brokerage firms. All clients receive a quarterly performance report and portfolio appraisal report from Andrews.

Client Referrals & Other Compensation

Andrews does not pay or receive referral fees.

Custody

Andrews is deemed to have custody of client funds solely because of the fee deduction authority granted by the client in the investment advisory agreement.

Clients will receive account statements at least monthly from the broker-dealer or other qualified custodian. Client is urged to compare custodial account statements against statements prepared by Andrews for accuracy. Minor variations may occur because of reporting dates, accrual methods of interest and dividends, and other factors. The custodial statement is the official record of your account for tax purposes.

Investment Discretion

Andrews maintains discretion over client accounts as evidenced by the terms of the Agreement with the client.

Andrews will not have authority to withdraw funds or to take custody of client funds or securities, other than under the terms of the Fee Payment Authorization clause in the Agreement with the client.

Voting Client Securities

Andrews does not vote proxies. It is the client's responsibility to vote proxies. Clients will receive proxy materials directly from the custodian. Questions about proxies may be made via the contact information on the cover page.

Financial Information

An investment advisor must provide financial information if a threshold of fee prepayments is met; there is a financial condition likely to impair the ability to meet contractual commitments; or, a bankruptcy within the past ten years. Andrews does not have any disclosure items in this section.

State Registered Advisors

An investment advisor and its supervised persons (advisory affiliates) must disclose material facts about any legal or disciplinary event that is material to a client's evaluation of the advisory business or of the integrity of its management personnel. Andrews does not have any disclosure items.