

# A-V Capital Management, LLC

## **Brochure Dated 6/12/2012**

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**This brochure provides information about the qualifications and business practices of A-V Capital Management, LLC (“A-V Capital”). If you have any questions about the contents of this brochure, please contact us at (504) 831-3537 or [lv.amann@a-vcapital.com](mailto:lv.amann@a-vcapital.com). 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.**

**Additional information about A-V Capital Management, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**References herein to A-V Capital Management, LLC as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.**

## **Item 2           Material Changes**

There have been no material changes made to A-V Capital Management, LLC's disclosure statement since last year's Annual Amendment filing on March 21, 2011.

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#### Item 4 Advisory Business

- A. A-V Capital Management, LLC (“A-V Capital”) is a limited liability company formed on November 20, 2006 in the State of Louisiana. A-V Capital became registered as an Investment Adviser Firm in January 2007. A-V Capital is owned by Cary J. Amann and Lisa V. Amann. Lisa V. Amann is A-V Capital’s President.
- B. As discussed below, A-V Capital offers to its clients (individuals, business entities, pensions and profit sharing plans, trusts, estates and charitable organizations, etc.) investment advisory services. A-V Capital’s annual investment advisory fee shall include investment advisory services, and, to the **extent specifically requested** by the client, consulting services.

#### **INVESTMENT ADVISORY SERVICES**

The client can determine to engage A-V Capital to provide discretionary investment advisory services on a *fee-only* basis. A-V Capital’s annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under A-V Capital’s management (between negotiable and 2.00%) as follows:

<u>Account Asset Value</u>	<u>Annual Fee Equity</u>	<u>Annual Fee Balanced</u>	<u>Annual Fee Fixed Income</u>
\$0-\$499,999	2.00%	2.00%	1.50%
\$500,000-\$999,999	2.00%	1.50%	1.00%
\$1-\$2 million	1.50%	1.00%	0.50%
\$2-\$5 million	1.25%	1.00%	0.35%
over \$5 million	negotiated	negotiated	negotiated

A-V Capital’s annual investment advisory fee shall include investment advisory services, and, to the **extent specifically requested** by the client, consulting services. In the event that the client requires extraordinary consultation services (to be determined in the sole discretion of A-V Capital), A-V Capital may determine to charge for such additional services hourly at an agreed upon hourly rate or a negotiated fixed fee, the dollar amount and payment terms of which shall be set forth in a separate written notice to the client.

#### **RETIREMENT CONSULTING**

A-V Capital also provides non-discretionary pension consulting services, pursuant to which it assists sponsors of self-directed retirement plans with the selection and/or monitoring of investment alternatives (generally open-end mutual funds) from which plan participants shall choose in self-directing the investments for their individual plan retirement accounts. In addition, to the extent requested by the plan sponsor, A-V Capital shall also provide participant education designed to assist participants in identifying the appropriate investment strategy for their retirement plan accounts. The terms and conditions of the engagement shall generally be set forth in a *Consulting Agreement* between A-V Capital and the plan sponsor.

## MISCELLANEOUS

**Limited Consulting/Implementation Services.** Although A-V Capital does not hold itself out as providing financial planning, estate planning or accounting services, to the extent specifically requested by the client, A-V Capital *may* provide limited consultation services to its investment management clients on investment and non-investment related matters, such as estate planning, tax planning, insurance, etc. A-V Capital shall not receive any separate or additional fee for any such consultation services. Neither A-V Capital, nor any of its representatives, serves as an attorney, accountant, or licensed insurance agent, and no portion of A-V Capital's services should be construed as same. To the extent requested by a client, A-V Capital may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute recommendation from A-V Capital. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client's responsibility to promptly notify A-V Capital if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising A-V Capital's previous recommendations and/or services.

**Trade Error Policy.** A-V Capital shall reimburse accounts for losses resulting from A-V Capital's trade errors, but shall not credit accounts for such errors resulting in market gains. The gains and losses are reconciled within A-V Capital's custodian firm account and A-V Capital retains the net gains and losses.

**Client Obligations.** In performing its services, A-V Capital shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify A-V Capital if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising A-V Capital's previous recommendations and/or services.

**Disclosure Statement.** A copy of A-V Capital's written Brochure as set forth on Part 2A of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement* or *Consulting Agreement*.

- C. A-V Capital shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, A-V Capital shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at anytime, impose reasonable restrictions, in writing, on A-V Capital's services.
- D. A-V Capital does not participate in a wrap fee program.
- E. As of January 30, 2012 A-V Capital had \$26,728,000 in assets under management on a discretionary basis and \$9,069,000 in assets under management on a non-discretionary basis.

## Item 5 Fees and Compensation

- A. The client can determine to engage A-V Capital to provide investment advisory services on a *fee-only* basis.

### INVESTMENT ADVISORY SERVICES

If a client determines to engage A-V Capital to provide discretionary investment advisory services on a *fee-only* basis, A-V Capital's annual investment advisory fee shall be based upon a percentage (%) of the market value and type of assets placed under A-V Capital's management (between negotiable and 2.00%) as follows:

<u>Account Asset Value</u>	<u>Annual F Equity</u>	<u>Annual Fee Balanced</u>	<u>Annual Fee Fixed Income</u>
\$0-\$499,999	2.00%	2.00%	1.50%
\$500,000-\$999,999	2.00%	1.50%	1.00%
\$1-\$2 million	1.50%	1.00%	0.50%
\$2-\$5 million	1.25%	1.00%	0.35%
over \$5 million	negotiate	negotiated	negotiated

A-V Capital's annual investment advisory fee shall include investment advisory services, and, to the **extent specifically requested** by the client, consulting services. In the event that the client requires extraordinary consultation services (to be determined in the sole discretion of A-V Capital), A-V Capital may determine to charge for such additional services hourly at an agreed upon hourly rate or a negotiated fixed fee, the dollar amount and payment terms of which shall be set forth in a separate written notice to the client. A-V Capital generally requires an annual minimum fee of \$1,000 (\$250 quarterly) for investment advisory services. A-V Capital, in its sole discretion, may reduce its investment management fee and/or reduce or waive its annual minimum fee requirement.

- B. Clients may elect to have A-V Capital's advisory fees deducted from their custodial account. Both A-V Capital's *Investment Advisory Agreement* and the custodial/ clearing agreement may authorize the custodian to debit the account for the amount of A-V Capital's investment advisory fee and to directly remit that management fee to A-V Capital in compliance with regulatory procedures. In the limited event that A-V Capital bills the client directly, payment is due upon receipt of A-V Capital's invoice. A-V Capital shall deduct fees and/or bill clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, A-V Capital shall generally recommend that Pershing, LLC ("*Pershing*") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Pershing* charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). In addition to A-V Capital's investment management fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).

- D. A-V Capital's annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter. A-V Capital generally requires an annual minimum fee of \$1,000 (\$250 quarterly) for investment advisory services. A-V Capital, in its sole discretion, may reduce its investment management fee and/or reduce or waive its annual minimum fee requirement based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

The *Investment Advisory Agreement* between A-V Capital and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, A-V Capital shall refund the prorated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

- E. Neither A-V Capital, nor its representatives accept compensation from the sale of securities or other investment products.

## **Item 6            Performance-Based Fees and Side-by-Side Management**

Neither A-V Capital nor any supervised person of A-V Capital accepts performance-based fees.

## **Item 7            Types of Clients**

A-V Capital's clients shall generally include individuals, business entities, pension and profit sharing plans, trusts, estates and charitable organizations.

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

- A. A-V Capital may utilize the following methods of security analysis:
- Charting - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
  - Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
  - Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)

A-V Capital may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Trading (securities sold within thirty (30) days)
- Short Sales (contracted sale of borrowed securities with an obligation to make the lender whole)
- Margin Transactions (use of borrowed assets to purchase financial instruments)

- Options (contract for the purchase or sale of a security at a predetermined price during a specific period of time)

**Please Note: Investment Risk.** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by A-V Capital) will be profitable or equal any specific performance level(s). Furthermore, investing in securities involves risk of loss that clients of A-V Capital should be prepared to bear.

- B. A-V Capital's methods of analysis and investment strategies do not present any significant or unusual risks.

However, every method of analysis has its own inherent risks. To perform an accurate market analysis A-V Capital must have access to current/new market information. A-V Capital has no control over the dissemination rate of market information; therefore, unbeknownst to A-V Capital, certain analyses may be compiled with outdated market information, severely limiting the value of A-V Capital's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

A-V Capital's primary investment strategies - Long Term Purchases, Short Term Purchases, and Trading - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period involves a very short investment time period but will incur higher transaction costs when compared to a short term investment strategy and substantially higher transaction costs than a longer term investment strategy.

In addition to the fundamental investment strategies discussed above, A-V Capital may also implement and/or recommend – short selling, use of margin, and/or options transactions. Each of these strategies has a high level of inherent risk. (See discussion below).

Short selling is an investment strategy with a high level of inherent risk. Short selling, involves the selling of assets that the investor does not own. The investor borrows the assets from a third party lender (i.e. Broker-Dealer) with the obligation of buying identical assets at a later date to return to the third party lender. Individuals who engage in this activity shall only profit from a decline in the price of the assets between the original date of sale and the date of repurchase. Conversely, the short seller will incur a loss if the price of the assets rises. Other costs of shorting may include a fee for borrowing the assets and payment of any dividends paid on the borrowed assets.

Margin is an investment strategy with a high level of inherent risk. A margin transaction occurs when an investor uses borrowed assets to purchase financial instruments. The investor generally obtains the borrowed assets by using other securities as collateral for

the borrowed sum. The effect of purchasing a security using margin is to magnify any gains or losses sustained by the purchase of the financial instruments on margin. **Please Note:** To the extent that a client authorizes the use of margin, and margin is thereafter employed by A-V Capital in the management of the client's investment portfolio, the market value of the client's account and corresponding fee payable by the client to A-V Capital may be increased. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the potential *conflict of interest* whereby the client's decision to employ margin *may* correspondingly increase the management fee payable to A-V Capital. Accordingly, the decision as to whether to employ margin is left totally to the discretion of client.

The use of options transactions as an investment strategy involves a high level of inherent risk. Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller. Fulfillment may take the form of either selling or purchasing a security depending upon the nature of the option contract. Generally, the purchase or the recommendation to purchase an option contract by A-V Capital shall be with the intent of offsetting/"hedging" a potential market risk in a client's portfolio. **Please Note:** Although the intent of the options-related transactions that may be implemented by A-V Capital is to hedge against principal risk, certain of the options-related strategies (i.e. straddles, short positions, etc), may, in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies. In light of these enhanced risks, client may direct A-V Capital, in writing, not to employ any or all such strategies for his/her/their/its accounts.

- C. Currently, A-V Capital primarily allocates client investment assets among various individual equity (stocks), debt (bonds) and fixed income securities, mutual funds and/or exchange traded funds, on a discretionary basis in accordance with the client's designated investment objective(s).

## **Item 9           Disciplinary Information**

A-V Capital has not been the subject of any disciplinary actions.

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

- A. Neither A-V Capital, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither A-V Capital, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. A-V Capital has no other relationship or arrangement with a related person that is material to its advisory business.



- D. A-V Capital does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

**Item 11            Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

- A. A-V Capital maintains an investment policy relative to personal securities transactions. This investment policy is part of A-V Capital's overall Code of Ethics, which serves to establish a standard of business conduct for all of A-V Capital's Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

A-V Capital also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by A-V Capital or any person associated with A-V Capital.

- B. Neither A-V Capital nor any related person of A-V Capital recommends, buys, or sells for client accounts, securities in which A-V Capital or any related person of A-V Capital has a material financial interest.
- C. A-V Capital and/or representatives of A-V Capital *may* buy or sell securities that are also recommended to clients. This practice may create a situation where A-V Capital and/or representatives of the firm are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if A-V Capital did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of A-V Capital's clients) and other potentially abusive practices.

A-V Capital has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of A-V Capital's "Access Persons". A-V Capital's securities transaction policy requires that Access Person of A-V Capital must provide the Chief Compliance Officer or his/her designee with a written report of the their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date A-V Capital selects; provided, however that at any time that A-V Capital has only one Access Person, he or she shall not be required to submit any securities report described above.

- D. A-V Capital and/or representatives of A-V Capital *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where A-V Capital and/or representatives of the firm are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11 C, A-V Capital has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of A-V Capital's Access Persons.

## Item 12 Brokerage Practices

- A. In the event that the client requests that A-V Capital recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct A-V Capital to use a specific broker-dealer/custodian), A-V Capital generally recommends that investment management accounts be maintained at *Pershing*. Prior to engaging A-V Capital to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with A-V Capital setting forth the terms and conditions under which A-V Capital shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that A-V Capital considers in recommending *Pershing* (or any other broker-dealer/custodian to clients) include historical relationship with A-V Capital, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by A-V Capital's clients shall comply with A-V Capital's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where A-V Capital determines, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of broker-dealer services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although A-V Capital will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, A-V Capital's investment management fee. A-V Capital's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

### 1. Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, A-V Capital may receive from *Pershing* (or another broker-dealer/custodian) without cost (and/or at a discount) support services and/or products, certain of which assist A-V Capital to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by A-V Capital may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by A-V Capital in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that *may* be received may assist A-V Capital in managing and administering client accounts. Others do not directly provide such assistance, but rather assist A-V Capital to manage and further develop its business enterprise.

A-V Capital's clients do not pay more for investment transactions effected and/or assets maintained at *Pershing* as a result of this arrangement. There is no

corresponding commitment made by A-V Capital to *Pershing* or any other any entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

**A-V Capital's Chief Compliance Officer, Lisa V. Amann, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.**

2. A-V Capital does not receive referrals from broker-dealers.
3. A-V Capital does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and A-V Capital will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by A-V Capital. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

**Please Note:** In the event that the client directs A-V Capital to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through A-V Capital.

**A-V Capital's Chief Compliance Officer, Lisa V. Amann, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

- B. To the extent that A-V Capital provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless A-V Capital decides to purchase or sell the same securities for several clients at approximately the same time. A-V Capital may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among A-V Capital's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. A-V Capital shall not receive any additional compensation or remuneration as a result of such aggregation.

## **Item 13      Review of Accounts**

- A. For those clients to whom A-V Capital provides investment supervisory services, account reviews are conducted on an ongoing basis by A-V Capital's Principal and/or representatives. All investment supervisory clients are advised that it remains their

responsibility to advise A-V Capital of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with A-V Capital on an annual basis.

- B. A-V Capital *may* conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. A-V Capital may also provide a written periodic report summarizing account activity and performance.

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

- A. As referenced in Item 12.A.1 above, A-V Capital may receive an indirect economic benefit from *Pershing*. A-V Capital, without cost (and/or at a discount), may receive support services and/or products from *Pershing*.

A-V Capital's clients do not pay more for investment transactions effected and/or assets maintained at *Pershing* as a result of this arrangement. There is no corresponding commitment made by A-V Capital to *Pershing* or any other any entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

**A-V Capital's Chief Compliance Officer, Lisa V. Amann, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.**

- B. If a client is introduced to A-V Capital by either an unaffiliated or an affiliated solicitor, A-V Capital *may* pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from A-V Capital's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to A-V Capital by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of A-V Capital's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between A-V Capital and the solicitor, including the compensation to be received by the solicitor from A-V Capital.

#### **Item 15      Custody**

A-V Capital shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. A-V

Capital may also provide a written periodic report summarizing account activity and performance.

**Please Note:** To the extent that A-V Capital provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by A-V Capital with the account statements received from the account custodian. **Please Also Note:** The account custodian does not verify the accuracy of A-V Capital's advisory fee calculation.

## **Item 16 Investment Discretion**

The client can determine to engage A-V Capital to provide investment advisory services on a discretionary basis. Prior to A-V Capital assuming discretionary authority over a client's account, client shall be required to execute an *Investment Advisory Agreement*, naming A-V Capital as client's attorney and agent in fact, granting A-V Capital full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage A-V Capital on a discretionary basis may, at anytime, impose restrictions, **in writing**, on A-V Capital's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe A-V Capital's use of margin, etc.).

## **Item 17 Voting Client Securities**

- A. Unless the client directs otherwise in writing, A-V Capital is responsible for voting client proxies (**However**, the client shall maintain exclusive responsibility for all legal proceedings or other type events pertaining to the account assets, including, but not limited to, class action lawsuits.). A-V Capital shall vote proxies in accordance with its Proxy Voting Policy, a copy of which is available upon request. A-V Capital shall monitor corporate actions of individual issuers and investment companies consistent with A-V Capital's fiduciary duty to vote proxies in the best interests of its clients. Although the factors which A-V Capital will consider when determining how it will vote differ on a case by case basis, they may, but are not be limited to, include the following a review of recommendations from issuer management, shareholder proposals, cost effects of such proposals, effect on employees and executive and director compensation. With respect to individual issuers, A-V Capital may be solicited to vote on matters including corporate governance, adoption or amendments to compensation plans (including stock options), and matters involving social issues and corporate responsibility. With respect to investment companies (e.g., mutual funds), A-V Capital may be solicited to vote on matters including the approval of advisory contracts, distribution plans, and mergers. A-V Capital shall maintain records pertaining to proxy voting as required pursuant to Rule 204-2 (c)(2) under the Advisers Act. Copies of Rules 206(4)-6 and 204-2(c)(2) are available upon written request. In addition, information pertaining to how A-V Capital voted on any specific proxy issue is also available upon written request. Requests should be made by contacting A-V Capital's Chief Compliance Officer, Lisa V. Amann.
- B. As set forth in Item 17.A. above, A-V Capital votes client proxies.

**Item 18          Financial Information**

- A. A-V Capital does not solicit fees of more than \$500, per client, six months or more in advance.
- B. A-V Capital is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. A-V Capital has not been the subject of a bankruptcy petition.

**ANY QUESTIONS: A-V Capital's Chief Compliance Officer, Lisa V. Amann, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**

**Item 19          Requirements for State Registered Investment Advisers**

- A. Lisa V. Amann is the Chief Compliance Officer of A-V Capital Management, LLC. For more information about the above individual, please see the Brochure Supplements to A-V Capital Management's brochure.
- B. A-V Capital Management is not engaged in any other business than as set forth in this Brochure.
- C. Neither A-V Capital Management, nor its representatives, accepts performance-based fees.
- D. Neither A-V Capital Management nor its representatives, has been the subject of any disciplinary actions.
- E. Neither A-V Capital Management, nor its representatives, has any relationship or arrangement with any issuer of securities.

**ANY QUESTIONS: A-V Capital Management's Chief Compliance Officer, Lisa V. Amann, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**