

**Part 2A of Form ADV: Firm Brochure**

**Item 1 – Cover Page**

**This is the brochure of:**

**Avant-Garde Advisors LLC  
Registered Investment Adviser**

**Address and Contact Information:**

Avant-Garde Advisors LLC  
Attn: Eric D. Patton  
4600 S. Ulster St., Suite 500  
Denver, CO 80237  
(303) 900-1370

epatton@avantgardewm.com  
www.avantgardewm.com

**This brochure provides information about the qualifications and business practices of Avant-Garde Advisors LLC (“AGA”). If you have any questions about the contents of this brochure, please contact us at (303) 900-1370 or [www.avantgardewm.com](http://www.avantgardewm.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.**

**While AGA is referenced in this brochure as a “Registered Investment Adviser,” such reference does not imply a certain level of skill or training but refers instead to the business of AGA in plain English language.**

**Item 2 – Material Changes**

This document was updated on 03/09/2013. The resulting material changes from that update are as follows:

***4D. Wrap Fee Information***

- Updated Wrap Fee Brochure Information

***4E. Management of Client Assets***

- Increase in the number of clients, employees, accounts and Asset Under Management & Advisement

***5A. Fees for Services and Billing Methods***

- Update to Fee Schedule: Billing Methodology update to 360/30, end of period, no accrued interest.
- Update to proration of fees for closed accounts and cash flows. We do not prorate fees for closed accounts or for cash flows. We do prorate the first months fees for new accounts.
- Update to how clients receive invoices. New method is all electronic via a client portal.

***12A. Selection of Brokers***

- Update to conflicts of interest: Soft Dollar Agreements Entered Into With Fidelity Investments

***19. Firm Management***

- Removed section 19 due to registration with the SEC this section is no longer required.

**ADDITIONAL INFORMATION**

- SUPPLEMENTAL BROCHURES FOR INDIVIDUAL ADVISERS – Each “Supervised Person” has a separate brochure instead of all brochures being combined. Brochures can also be found online at [www.avantgardewm.com](http://www.avantgardewm.com).
- WRAP FEE PROGRAM BROCHURE – New brochure disclosing details of our wrap fee program.

**Item 3 – Table of Contents**

<b>PART 2A OF FORM ADV: FIRM BROCHURE .....</b>	<b>1</b>
<b>ITEM 1 – COVER PAGE.....</b>	<b>1</b>
<b>ITEM 2 – MATERIAL CHANGES.....</b>	<b>2</b>
<b>ITEM 3 – TABLE OF CONTENTS .....</b>	<b>3</b>
<b>ITEM 4 – ADVISORY BUSINESS.....</b>	<b>4</b>
<b>ITEM 5 – FEES AND COMPENSATION.....</b>	<b>5</b>
<b>ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT .....</b>	<b>7</b>
<b>ITEM 7 – TYPES OF CLIENTS .....</b>	<b>7</b>
<b>ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS .....</b>	<b>7</b>
<b>ITEM 9 – DISCIPLINARY INFORMATION.....</b>	<b>8</b>
<b>ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS .....</b>	<b>9</b>
<b>ITEM 11 – CODE OF ETHICS .....</b>	<b>9</b>
<b>ITEM 12 – BROKERAGE PRACTICES .....</b>	<b>10</b>
<b>ITEM 13 – REVIEW OF ACCOUNTS.....</b>	<b>11</b>
<b>ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION .....</b>	<b>11</b>
<b>ITEM 15 – CUSTODY.....</b>	<b>12</b>
<b>ITEM 16 – INVESTMENT DISCRETION .....</b>	<b>12</b>
<b>ITEM 17 – VOTING CLIENT SECURITIES.....</b>	<b>12</b>
<b>ITEM 18 – FINANCIAL INFORMATION .....</b>	<b>12</b>
<b>ADDITIONAL INFORMATION .....</b>	<b>13</b>

## **Item 4 – Advisory Business**

### ***4A. Description of Firm***

Avant-Garde Advisors LLC (“AGA”) is a registered investment adviser based in Denver, Colorado, which was formed in September 2009, and registered with the United States Securities and Exchange Commission (“SEC”) as a registered investment advisor. AGA was previously registered with the State of Colorado in June 2010, which is when services were first offered to clients. AGA is a wholly owned subsidiary of Avant-Garde Wealth Management, Inc. (“AGWM”), a holding company and Colorado licensed insurance agency. AGWM is majority owned by Eric D. Patton (AGA’s Chief Executive Officer and Chief Compliance Officer, and AGWM’s Chief Financial Officer) and by Jon E. Dubravac (AGWM’s Chief Executive Officer). Mr. Patton manages AGA.

AGA provides its clients with comprehensive financial planning, investment portfolio supervisory services and asset management by utilizing an open architecture platform and wide array of products. AGA provides services primarily to high net worth individuals and families, business owners, and retirees. AGA also provides comprehensive services to professional athletes and entertainers, working in conjunction with agents, attorneys and CPAs to create a team of professionals focused on the client.

### ***4B. Types of Advisory Services***

#### **I. Services Offered**

AGA offers the following types of advisory services:

- Investment Supervisory Services
- Financial Planning

#### Investment Supervisory Services

AGA offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. AGA generally creates an Investment Policy Statement for each client and/or has each client complete an Investment Objectives and Risk Tolerance Questionnaire (IOQ), which outline the client’s current situation and assists the advisor and respective client to construct a general plan to aid in the selection of a portfolio that matches each client’s specific situation. Investment Supervisory Services include, but are not limited to, the following:

--Investment strategy	--Personal investment policy	--Asset Management
--Asset allocation	--Asset selection	--Third Party Manager Selection
--Risk Tolerance	--Regular portfolio monitoring	

AGA evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. AGA will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Advisor Contract (IAC), Investment Policy Statement or IOQ, copies of which are generally given to each client.

In providing investment advisory services, AGA may refer clients to other investment advisers that focus only on money management and do not deal directly with the public except through another adviser. Such advisers are generally called separately managed account or private investment managers (“SMA/Private Managers”).

#### Financial Planning Services

AGA offers financial planning services. Financial plans and financial planning may include, but are not limited to: life insurance; tax concerns; retirement planning; investment planning; college planning; cash flow management and debt/credit planning.

#### ***4C. Customization of Services***

AGA tailors its services to the needs of its clients by giving advice that is appropriate to each client's financial circumstances. With respect to recommendations made by AGA, clients may impose restrictions on investing in certain securities or types of securities. For clarity of service, any such restrictions to be imposed by a client must be in writing and be accompanied by the client's signature.

With respect to services provided by SMA/Private Managers clients are subject to the conditions of service imposed by the SMA/Private Managers, including any conditions preventing clients from imposing restrictions upon investing in certain securities or types of securities.

Clients should be aware that any restrictions that they impose may result in less optimal returns than if AGA were to provide its services without any such restrictions. But, clients should also be aware that there is no assurance that the absence of any client imposed restrictions will necessarily result in more optimal returns than if AGA were to provide its services subject to client imposed restrictions.

#### ***4D. Wrap Fee Information***

AGA in certain instances can provide investment management via a "wrap fee" program. These programs are limited in scope and provide clients with the ability to wrap the cost of trading into their investment management fee. Please see the Avant-Garde Advisors Firm Wrap Fee Brochure for additional details.

#### ***4E. Management of Client Assets***

AGA offers discretionary and non-discretionary accounts under management. For those client accounts where AGA provides ongoing money management or investment advice with ongoing supervision, AGA recommends discretionary management. Written authorization in the Investment Advisory/Financial Planning Contract ("IAC") is given for discretionary management as a default. For discretionary accounts, AGA will maintain limited power of attorney over client accounts with respect to securities to be bought and sold and amount of securities to be bought and sold.

As of Dec 31, 2012, AGA managed \$157,619,656 in client assets on a discretionary basis and \$2,613,654 in client assets on a non-discretionary basis.

### **Item 5 – Fees and Compensation**

#### ***5A. Fees for Services and Billing Methods***

AGA has different types of fee arrangements depending on the type of service to be provided.

##### Fees for Investment Supervisory Services

Maximum Fees for investment supervisory services based on a percentage of Assets Under Management as follows:

<b>TOTAL ASSETS UNDER MANAGEMENT</b>	<b>MAXIMUM ANNUAL FEE OF AGA</b>
0 - \$1,000,000	2.00%
\$1,000,001 - \$2,500,000	1.75%
\$2,500,001 - \$5,000,000	1.50%
\$5,000,001 and above	1.00%

These fees are the maximum fee charged to AGA clients for fees based on assets under management and are negotiable. Flat fees do not have maximums and are negotiable. The final fee schedule is attached as Exhibit II of the IAC. Fees are paid monthly in advance, with the first month prorated or monthly in arrears, with the first month prorated. We do not prorate fees for cash flows. Client has the option to choose which method they prefer via the contract. A client's contract shall continue in effect until terminated by either the client or AGA by giving to the other party five days' written notice. Upon termination, the client remains responsible for fees and no refunds are given for remaining time in a month. Clients

may terminate their contracts without penalty, for full refund, within 5 business days of signing the IAC. Fees are calculated using the month end balance and a 360 day year / 30 day month methodology. Accrued interest is included in performance calculations and portfolio valuations, however it is not included when determining billing values.

AGA withdraws advisory fees directly from the client's accounts with written authorization, granted in the IAC, when possible. With respect to these fees, AGA invoices its client through invoices posted to a secure client portal. Clients can request access to the portal at anytime, but clients are responsible for requesting access. AGA sends a copy of the invoice to the client's custodian or trustee at the same time that it sends a copy to its client. The custodian or trustee then sends monthly statements to the client showing all disbursements from the account, including the amount of advisory fees.

#### Fees for Financial Planning Services

Fees for creating a comprehensive Financial Plan for clients will be based on fixed fees or hourly fees and the final fee structure will be documented in the corresponding Exhibit of the IAC. However, AGA advisors may provide financial planning services to clients as part of the investment supervisory services and at no additional charge to the client. Financial plans can also be provided to clients for an additional asset based management fee. This fee is included in the total fee as indicated in the IAC and is negotiable.

**FIXED FEES:** Depending upon the complexity of the situation and the needs of the client and the investment advisory representative's experience and expertise, the rate for creating client financial plans is between \$1,000 and \$50,000. Fees are paid 50% in advance, but never more than six months in advance, with the remainder due upon presentation of the plan. In the event of termination of the IAC, the client will still owe fees for services rendered, but fees that are charged in advance may be refunded based on the prorated amount of work completed at the point of termination. The fees are negotiable and the final fee schedule will be attached as Exhibit I of the IAC. Clients may terminate their contracts without penalty, for full refund, within 5 business days of signing the advisory contract.

**HOURLY FEES:** Depending upon the complexity of the situation and the needs of the client and the investment advisory representative's experience and expertise, the hourly fee for these services is \$100 - \$1000. The fees are negotiable and the final fee schedule will be attached as Exhibit I of the IAC. Fees are paid in arrears upon completion or upon termination of the contract. The IAC shall continue in effect until terminated by either party by giving to the other written notice. In the event of termination of the IAC, the client will still owe fees for services rendered, but because hourly fees are charged in arrears, no refund is necessary upon termination. Clients may terminate their contracts without penalty within 5 business days of signing the advisory contract.

#### ***5B. Other Fees and Expenses***

Clients may incur various fees and expenses in connection with implementing the advice offered in AGA's financial plans. These may include legal fees, investment advisory fees, brokerage commissions, mutual fund expenses and custodian fees, depending on client circumstances and the recommendations of AGA. For a discussion of issues relating to brokerage commissions, please see Section C. Immediately below.

#### ***5C. Brokerage & Insurance Services, Advisory Fees & Conflicts of Interest***

AGA's parent company, AGWM, is an insurance agency, and investment adviser representatives of AGA may also be agents of AGWM. AGWM has strategic relationships with affiliated and unaffiliated general insurance companies and/or insurance brokers, which share in insurance commissions. In total, these relationships cause a conflict of interest between AGA and its investment adviser representatives, on one hand, and their clients, on the other hand, in that AGA and its investment adviser representatives would be in a position to recommend insurance products that may be effected through AGWM based on the compensation received rather than on client needs. AGA mitigates this conflict of interest by requiring that its investment adviser representatives act as fiduciaries, placing the needs of their clients before their own needs.

With the existence of the conflict of interest, clients are hereby advised that no client is obligated to act upon any insurance recommendation of AGWM, and that, if a client elects to act upon any recommendation, the client is under no obligation to effect the transaction through AGA, AGWM, or people/entities with which AGA or AGA investment adviser representatives have a relationship.

AGWM and AGA currently are not affiliated with any securities brokerage firms. As such, clients are responsible for payment of all custodial fees and brokerage commissions for trading securities within the client's account charged by unaffiliated brokerage firms/custodians such as TD Ameritrade, Schwab Institutional and Fidelity. AGA or AGWM may in some instances pay the commissions charged by the custodians for clients.

AGA also provides investment supervisory services, which services are subject to the investment advisory contract and a separate fee structure beyond the fee structure for financial planning alone. These additional advisory services cause a conflict of interest between AGA and its investment adviser representatives, on one hand, and its financial planning clients, on the other hand, in that AGA and its investment adviser representatives would be in a position to recommend investment supervisory services to be offered by AGA based on consideration received rather than on client needs. If investment supervision is undertaken by AGA, AGA and its investment advisory representatives would receive fees that are in addition to fees earned under the financial planning agreement. This conflict is mitigated by AGA's requiring that its investment adviser representatives act as fiduciaries, placing the needs of their clients before their own needs.

Financial planning clients are hereby advised that no client is obligated to act upon any recommendation for the utilization of investment supervisory services, and that, if a client elects to act upon any recommendation, the client is under no obligation to utilize AGA for investment supervisory services. But, if an AGA financial planning client wishes to make use of investment supervisory services offered by AGA, the client and AGA must enter into a separate investment advisory contract.

#### ***5D. Outside Money Managers & Conflicts of Interest***

AGA investment advisory representatives may utilize under their discretionary authority, or refer clients on a non-discretionary basis to, affiliated or unaffiliated investment advisers or private fund managers that focus only on money management and do not deal directly with the public except through another adviser on a client by client basis (SMA/Private Managers). If AGA were to utilize the services of SMA/Private Managers you could otherwise access directly, the advisory fees you pay under that type of arrangement may be higher by the amount of AGA's fee over the amount of advisory fees payable by a client who enters into such a program without being referred by AGA. In a referral relationship, AGA may be compensated via a fee share from third party money managers to which it directs clients or AGA may charge a separate fee.

**Clients are responsible for payment of fees and expenses charged by SMA/Private Managers, which are in addition to investment advisory fees charged by AGA.**

#### **Item 6 – Performance-Based Fees and Side-By-Side Management**

AGA does not currently charge performance-based fees and does not offer side-by-side management. If AGA charges performance based fees to any qualified client in the future, AGA will provide such qualified clients a written disclosure document clearly describing the performance based fees and get written authorization from the client prior to charging such fees.

#### **Item 7 – Types of Clients**

AGA serves individuals, high net worth individuals, trusts and businesses. AGA does not require a minimum dollar amount for accounts managed or for money management through referred advisers, but such referred advisers may impose minimums, which may or may not be waivable by such referred advisers.

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

##### ***8A. Generally***

AGA recommends various investment strategies to serve clients. When appropriate, AGA may recommend long-term purchases, short-term purchases, securities trading, short sales, margin transactions, alternative strategies and/or option writing. Other investment strategies may be chosen by AGA if they meet your particular financial needs, risk profile and overall investment strategy. AGA may also refer clients to participate in outside money management, by other registered investment advisers.

AGA bases its recommendations upon information gleaned from financial newspapers and magazines, corporate rating services, research materials prepared by others, press releases and SEC filings. AGA investment adviser representatives may also base recommendations on inspections of corporate activities. With respect to referrals to outside money managers, AGA bases its recommendations on such outside money managers' investment strategies, track records, and backgrounds.

AGA's investment adviser representatives may employ various securities analysis approaches, including without limitation: "fundamental" – based on information concerning the financial condition and the financial policies of issuers of securities. AGA may also make recommendations based upon the use of charts, past trading information (technical analysis), and business and other cycles; "technical" – based on forecasting the direction of prices through the study of past market data, primarily price and volume; and "quantitative" – based on identifying and profiting from inefficiencies in securities and market trading behavior using statistical and mathematical models.

**AGA cannot, and does not, guarantee that its efforts will be successful. AGA cannot, and does not, guarantee that investing through any money manager will be successful. Investment in securities always entails a degree of risk that clients should be prepared to bear. This risk takes the form of a risk of loss of moneys invested and the form of a risk of underperformance in comparison to other investments or market indices. Past performance is no guarantee of future results.**

#### ***8B. Specific Investment Strategies***

AGA does not follow any specific investment strategy, but tailors its recommendations to the needs of its clients. AGA commonly refers clients to outside SMA/Private Managers who will charge asset management fees and may charge performance fees to qualified clients in addition to investment advisory fees charged by AGA. Referrals to outside SMA/Private Managers are based upon the needs of the clients. Outside SMA/Private Managers may make use of specific investment strategies. Any referred client should review the Form ADV Part 2A concerning the specific investment strategies utilized by the outside money manager, including the risks associated with the use of the specific investment strategies. If the outside SMA Managers makes use of a primary strategy involving the frequent trading of securities, the referred client should be aware that frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

#### ***8C. Specific Securities***

AGA does not recommend primarily a particular type of security, but tailors its recommendations to the needs of its clients. AGA may recommend the purchase of variable life insurance or variable annuities. For such variable contracts products, the performance in the separate accounts (securities accounts) within the products will fluctuate and clients may lose money, subject to any insurance company guarantees within the contracts themselves. Since each contract may work differently, the contract being recommended or purchased should be reviewed for how any guarantees work. Any guarantees made by an insurance company are only as good as the credit risk of the insurance company. Ratings by insurance rating agencies attempt to show the creditworthiness of an insurance company, but ratings are not guarantees of performance.

Outside SMA/Private Managers may recommend or purchase primarily a particular type of security. Any referred client should review the referred money manager's Form ADV Part 2A concerning the specific types of securities utilized by the outside money manager, including any significant or unusual risks associated with the transacting primarily in a particular type of security.

#### **Item 9 – Disciplinary Information**

Neither AGA nor its associated persons have any disciplinary history required to be disclosed. They have not been subject to any criminal, civil, arbitration, administrative, or self-regulatory proceedings or events referenced within the instructions to Item 9 and/or Item 19 of Form ADV Part 2A.

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

### ***10A. Arrangements with Securities Broker-Dealers***

AGA is an independent investment advisory firm. As such, AGA's investment advisory representatives are not registered persons of securities broker-dealers unaffiliated with AGA in their capacity as investment adviser representatives of AGA. AGA utilizes the "platforms" of securities broker-dealers unaffiliated with AGA to service the needs of AGA clients. For a discussion of conflicts of interest involving these arrangements, please see Item 5.C above and Item 12.A.1 below.

### ***10B. No Affiliation with Commodities or Futures Broker-Dealer***

Neither AGA nor its associated persons have any affiliation with commodities or futures broker-dealers.

### ***10C. Other Financial Industry Activity***

AGA's parent, AGWM, is an insurance agency licensed in the State of Colorado and Eric D. Patton, AGA's CEO and CCO, is a Colorado licensed insurance producer. AGWM and Mr. Patton are licensed to sell the following insurance lines: Life, Disability, Long Term Care and Accident & Health.

AGWM's being an insurance agency and Mr. Patton's service as an insurance broker creates a material conflict of interest due to the incentive to recommend insurance products based upon the compensation to be received, rather than on a client's needs. AGA has implemented procedures to mitigate this risk. These procedures are set forth above in Item 5.C.

### ***10D. Recommendation of Other Investment Advisers***

Please see Items 5.D., 6 and 8 above.

## **Item 11 – Code of Ethics**

### ***11A. Adoption and Availability of Code of Ethics***

AGA has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions.

**You have a right to see our Code of Ethics. For a copy of the code of ethics, please ask your AGA representative.**

### ***11B. Conflicts of Interest and Mitigation of Conflicts***

For the purpose of avoiding certain conflicts of interest between AGA and its investment adviser representatives, on one hand, and their clients, on the other hand: (1) neither AGA nor its associated persons, as principal, buy or sell securities directly from or to clients or client accounts; (2) neither AGA nor its associated persons act as an investment adviser to a mutual fund.

Each investment adviser representative may buy or sell for himself securities that he also recommends to others. This represents a conflict of interest due to the possibility that a representative would be in a position to put their own needs in front of the client's needs. To address this conflict, as a matter of general practice, an AGA investment adviser representative will not buy or sell a security, excluding mutual funds and index ETFs, for himself closely before buying or selling the same security for a client, unless pricing is identical. The purpose of this general practice is to avoid "front running," that is profiting from advance knowledge of a client's securities transaction.

For additional information on conflicts of interests, please see Items 5.C and 5.D above and Items 12.A.1, 14.A and 19.A below.

## **Item 12 – Brokerage Practices**

### **12A. Selection of Brokers**

#### **I. Research and Other Soft Dollar Benefits**

AGA has arrangements with various securities broker-dealers to provide "platform" services to AGA clients. The platform services include, among others, brokerage, custodial, administrative support, record keeping and related services that are intended to support intermediaries like AGA in conducting business and in serving the best interests of their clients but that may benefit AGA. AGA is not affiliated with (not under common ownership with) these various securities broker-dealers ("platform broker-dealers").

The platform broker-dealers charge brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transactions fees are charged for certain mutual funds ETFs and closed-end funds, while commissions are charged for individual equity and debt securities transactions). The platform broker-dealers may enable AGA to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. The platform broker-dealers' commission rates are generally considered discounted from customary retail commission rates. However, the commissions and transaction fees charged by the platform broker-dealers may be higher or lower than those charged by other custodians and broker-dealers.

As part of the platform arrangements, the platform broker-dealers also make available to AGA at no additional charge to AGA certain research and brokerage services, including research services obtained by the platform broker-dealers directly from independent research companies, as selected by AGA (within specified parameters). These research and brokerage services are used by AGA to manage accounts for which AGA has investment discretion. Without this arrangement, AGA might be compelled to purchase the same or similar services at its own expense.

As a result of receiving such services for no additional cost, AGA may have an incentive to continue to use or expand the use the platform broker-dealers' services. AGA examined these conflicts of interest when it chose to enter into platform arrangements and has determined that such platform arrangements are in the best interests of AGA's clients and satisfy its client obligations, including its duty to seek best execution. A client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the AGA determines in good faith that the commission 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 a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although AGA will seek competitive rates, to the benefit of all clients, it may not necessarily obtain the lowest possible commission rates for specific client account transactions. Although the investment research products and services that may be obtained by AGA will generally be used to service all of AGA's clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account.

Financial planning clients are in no way required to implement their plans through any representative of AGA in their capacity as an insurance agent or investment adviser representative. Clients contracting for investment advisory supervision with a grant of discretionary authority to AGA are, however, expected to utilize one or more of the broker-dealer platforms selected by AGA.

#### **II. Brokerage for Client Referrals**

AGA does not exchange the direction of client brokerage to a particular broker-dealer for referrals from that broker-dealer.

#### **III. Directed Brokerage**

For clients whose accounts are not under the management of a referred adviser or subject to 401(k) plan advising, such clients may have accounts at broker-dealers other than the broker-dealer recommended by an AGA investment adviser representative. The use of such client chosen broker-dealers may not result in the lowest commission or best execution available.

### ***12B. Aggregation of Orders***

On occasion, AGA aggregates client orders for execution together. Orders entered by an AGA investment adviser representative on behalf of a client will be sent to the trading desk of the introducing or clearing broker-dealer maintaining the client's account. Aggregation will be sought when an adviser is seeking to purchase or sell the same security for multiple client accounts at around the same time on the same day. The goal of aggregation is to seek an average purchase or sale price for all affected clients to help ensure that one client is not getting more favorable treatment than another client when the same order is being pursued for both clients at the same time. Aggregation will also be sought when it appears that it is likely that a block trade for multiple clients would result in lower transaction costs for the affected clients. There is no guarantee that aggregation efforts will be successful or that the goals of aggregation will be achieved.

## **Item 13 – Review of Accounts**

### ***13A. Periodic Reviews***

Client accounts are reviewed in batches quarterly only by Eric D. Patton, Chief Compliance Officer or his designee. Mr. Patton is the chief advisor and is instructed to review clients' accounts with regards to their investment policies and risk tolerance levels.

### ***13B. Non-Periodic Reviews***

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance). Such reviews are conducted by Mr. Patton or his designee.

### ***13C. Reports to Clients***

**Investment Advisory Services:** With respect to investment advisory services, each client receives either monthly or quarterly reports from the Custodian detailing that client's account.

**Financial Planning Services:** With respect to financial planning services, each client who enters into an agreement for financial planning services will receive a financial plan from AGA.

**Hourly Services:** With respect to services rendered on an hourly basis, a client may or may not receive a report depending on the services rendered.

AGA may also provide clients with supplemental wealth management reports, financial reports or cash flow reports at the request of the client. Such supplemental reports are for client convenience only and clients are instructed to rely the independent custodial statements they receive from the custodian. Additionally, AGA disclaims all liability whatsoever regarding a client's, or any owner or employee of the client's decision to invest in any investments made prior to the execution of this Agreement, or any private investment (including private equity investments, hedge funds, or real estate) in which the client invests after consultation through AGA pursuant to a contract or subscription signed directly by client.

If a client instructs AGA to communicate with the client via an agent or manager who is authorized by such client through a durable power of attorney to manage the business affairs of client, **including the client's investment plan**, AGA shall have no liability whatsoever for any actions taken by AGA in reliance upon any instructions of such agent. AGA shall further have no liability to the client for any alleged failure to communicate with client directly if the client or such agent of the client authorizes AGA to communicate with client through such agent, or for client's failure to review monthly or quarterly statements sent to client directly or through such agent or the custodian.

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

### ***14A. Economic Benefits to the Firm***

AGA may be compensated via a fee share from other investment advisers or third party money managers, to which it directs clients. This relationship will be disclosed in writing to the client. These money managers may focus only on

money management and do not deal directly with the public except through another adviser. If however, AGA were to refer you to a money manager you could otherwise access directly, the advisory fees you pay under that type of arrangement may be higher by the amount of AGA's fee over the amount of advisory fees payable by a client who enters into such a program without being referred by AGA. In a referral relationship, AGA may be compensated via a fee share from third party money managers to which it directs clients or AGA may charge a separate fee.

Because AGA may refer clients to different money managers with different fee structures, there is the possibility that referrals will be made that have the effect of maximizing the compensation to AGA. To mitigate this conflict of interest, in making a referral, the AGA investment adviser representative for the client will take into consideration the suitability and availability of each money manager for the client. And, in addition, the AGA will disclose its compensation structure to the client in writing. For more on this subject, please see Items 5.D and 10.D above.

***14B. Referral Fees Paid by the Firm***

AGA may make cash payments to persons soliciting clients on AGA's behalf. AGA does not charge any solicited client a higher advisory fee as a result of the solicitation. Information regarding a particular solicitation arrangement, if one is in effect with respect to a particular client, is to be found in the solicitor's disclosure statement, which is to be provided to the client along with AGA's Form ADV Part 2 before the client enters into an advisory agreement with AGA. AGA will perform adequate due diligence to ensure such persons are in compliance with the State registration requirements prior to entering into any business arrangement/relationship with such persons.

**Item 15 – Custody**

AGA does not maintain custody of any client assets.

**Item 16 – Investment Discretion**

AGA offers discretionary and non-discretionary accounts under management. For those client accounts where AGA provides ongoing money management or investment advice with ongoing supervision, AGA recommends discretionary management. Written authorization in the Investment Advisory/Financial Planning Contract ("IAC") is given for discretionary management as a default. For discretionary accounts, AGA will maintain limited power of attorney over client accounts with respect to securities to be bought and sold and amount of securities to be bought and sold.

**Item 17 – Voting Client Securities**

AGA does not have authority to vote client securities and does not seek to have such authority. Clients will receive their proxies or other solicitations directly from their custodian or transfer agent (or from another investment adviser who has been given authority to receive proxies or other solicitations). Clients may ask AGA for advice on voting a proxy, but AGA is under no responsibility to give any advice on the voting of such proxy.

**Item 18 – Financial Information**

AGA does not require or solicit prepayment of more than \$500 in fees per client, six months or more in advance. AGA has never been the subject of a bankruptcy petition.

## **Additional Information**

### **Privacy Notice**

Investment advisors, like all providers of personal financial services, are now required by law to inform their clients of their policies regarding privacy of client information. Investment advisors have been and continue to be bound by professional standards of confidentiality that are even more stringent than those required by law. Therefore, we have always protected your right to privacy.

### **TYPES OF NONPUBLIC PERSONAL INFORMATION WE COLLECT**

We collect nonpublic personal information about you that is either provided to us by you or obtained by us with your authorization.

### **PARTIES TO WHOM WE DISCLOSE INFORMATION**

For current and former clients, we do not disclose any nonpublic personal information obtained in the course of our practice except as required or permitted by law. Permitted disclosures include, for instance, providing information to our employees and, in limited situations, to unrelated third parties who need to know that information to assist us in providing services to you. In all such situations, we stress the confidential nature of information being shared.

### **PROTECTING THE CONFIDENTIALITY AND SECURITY OF CURRENT AND FORMER CLIENT'S INFORMATION**

We retain records relating to professional services that we provide so that we are better able to assist you with your professional needs and in some cases, to comply with professional guidelines. In order to guard your nonpublic personal information, we maintain physical, electronic, and procedural safeguards that comply with our professional standards.

*Please call if you have any questions, because your privacy, our professional ethics, and the ability to provide you with quality financial services are very important to us.*

### **Updating of Client Account Information**

You should notify AGA, in writing, of any material change in your circumstances that might affect the manner in which your assets are invested. Examples of material change may include employment change, retirement, change in marital status, etc. Contact AGA by writing to: "Avant-Garde Advisors LLC, Attn. Eric D. Patton, 4600 S. Ulster St., Suite 500, Denver, CO 80237."

### **SUPPLEMENTAL BROCHURES FOR INDIVIDUAL ADVISERS**

Please refer to each individual supplement for specific information regarding your financial adviser. The adviser supplement should have been given to you along with this Firm Brochure. All supplements for all supervised persons can be found on our website at [www.avantgardewm.com](http://www.avantgardewm.com) or can be requested from AGA.