

Firm Disclosure Brochure

McMillion Capital Management, Inc.

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This brochure provides information about the qualifications and business practices of McMillion Capital Management, Inc. If you have any questions about the contents of this brochure, please contact us at 336-274-2491 or don@mcmillioncapital.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 McMillion Capital Management, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 110854.

Any reference herein to McMillion Capital Management, Inc. as being a "Registered Investment Advisor" or "registered" does not, in any way, imply an attained level of investment skill or knowledge.

Item 2 Material Changes

The SEC adopted "Amendments to Form ADV" in July, 2010. This Firm Brochure, dated 06/20/2013, is our new disclosure document prepared according to the SEC's new requirements and rules. As you will see, this document is a narrative that is substantially different in form and content, and includes some new information that we were not previously required to disclose.

After our initial filing of this Brochure, this Item will be used to provide our clients with a summary of new and/or updated information. We will inform you of the revision(s) based on the nature of the updated information.

Consistent with the new rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

*See Item 4-update of Assets under Management

Item 3

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Item 4 Advisory Business

McMillion Capital Management, Inc. is a SEC-registered investment adviser with its principal place of business located in North Carolina. McMillion Capital Management, Inc. began conducting business in 1981.

Listed below are the firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company).

- McMillion Associates, Inc., Parent Company
- Donald Clark McMillion, President, Controls a majority interest in McMillion Associates, Inc.

McMillion Capital Management, Inc. offers the following advisory services to our clients:

INVESTMENT SUPERVISORY SERVICES INDIVIDUAL PORTFOLIO MANAGEMENT

Our firm provides continuous advice to a client regarding the investment of funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a personal investment policy and create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background.

We manage these advisory accounts on a discretionary basis only. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors, (for example no tobacco stocks)

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities: (as well as cash & cash equivalents).

- Exchange-listed securities
- Securities traded over-the-counter
- Foreign issuers Securities
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper

- Certificates of deposit
- Municipal securities
- Mutual fund shares (Including Money Market Funds)
- United States Treasury securities
- Government Agency Securities
- Options contracts on securities
- Exchange Traded Funds (ETF's)

Because some types of investments involve certain additional degrees of risk, they will only be utilized when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

AMOUNT OF MANAGED ASSETS

As of 3/31/2014, we were actively managing \$226,215,179 of clients' assets on a discretionary basis.

Item 5 Fees and Compensation

INVESTMENT SUPERVISORY SERVICES INDIVIDUAL PORTFOLIO MANAGEMENT FEES

The annualized fee for Investment Supervisory Services for individually managed accounts are charged as a percentage of assets under management, according to the following schedule:

	<u>Assets Under Management</u>	<u>Annual Fee</u>
First	\$3,000,000.00	1%
Next	\$2,000,000.00	0.75%
Above	\$5,000,000.00	0.50%

These dollar amount breakpoints refer to the percentage fee charged on amounts over the breakpoints.

The client shall pay to the Manager an annual management fee, according to the fee schedule, on stocks, securities convertible into stock and temporary cash or cash equivalent reserves, as well as medium and long term debt securities. The fee will be payable in quarterly installments, in advance, as of the first day of each calendar quarter, with values determined as of the close of business on the preceding business day.

For example:

A \$5,000,000 account would be billed as follows:

First \$3,000,000 x 1 % = \$30,000 annually

Second \$2,000,000 x .75% = \$15,000 annually

Blended Rate 0.90% \$45,000 annually

Clients have the option of having quarterly fees deducted from their account in accordance with their written instructions to manager which is part of the current investment advisory agreement or to pay these fees separately.

In either case the client receives a quarterly invoice stating the amount of the fee and the details of the calculation.

Our clients are encouraged to examine the fee calculation carefully and notify us promptly of perceived errors. Any over charge will be refunded via account credit. We also encourage clients to compare custodial statements which also shows the fee charged.

The client shall pay to the manager an annual management fee on all account assets including, but not limited to, stocks, securities convertible into stock, temporary cash or cash equivalents reserves as well as medium and long term debt securities, mutual funds, exchange traded funds and options (put/calls).

A minimum of **\$500,000** of assets under management is required for this service. This account size may be negotiable under certain circumstances. McMillion Capital Management, Inc. may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

Limited Negotiability of Advisory Fees: Although McMillion Capital Management, Inc. has established the aforementioned fee schedule(s); we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the account, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, types of reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

Discounts, not generally available to our advisory clients, may be offered to family members

and friends of associated persons of our firm.

Prior to April 3, 2009, the client fee schedule provided that the 1 % fee covered the first \$2,000,000, with the next \$3,000,000 billed at .75% and the balance at .5%. Clients joining prior to April 3, 2009 are still subject to their original schedule.

GENERAL INFORMATION

Termination of the Advisory Relationship: A client agreement may be canceled at any time, by either party, for any reason upon receipt of written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period. The Advisory Agreement may not be assigned without written mutual agreement between our firm and our client.

Mutual Fund Fees: All fees paid to McMillion Capital Management, Inc. for investment advisory services are separate and distinct from the fees and expenses charged Exchange Traded Funds (ETFs) to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee. A client could invest in a (ETF) directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, to assist the client in determining which ETF's are most appropriate to each client's financial condition and objectives and when they might be appropriate. McMillion Capital Management does not, as part of its investment strategy, buy regular "open end" Mutual Funds. Any such funds in accounts currently were a part of the account when it was transferred in to MCM or was purchased by client in an unmanaged position of an account. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Wrap Fee Programs and Separately Managed Account Fees: Clients participating in separately managed account programs may be charged various program fees in addition to the advisory fee charged by our firm. Such fees may include the investment advisory fees of the independent advisers, which may be charged as part of a wrap fee arrangement. In a wrap fee arrangement, clients pay a single fee for advisory, brokerage and custodial services. Client's portfolio transactions may be executed without commission charge in a wrap fee arrangement. In evaluating such an arrangement, the client should also consider that, depending upon the level of the wrap fee charged by the broker-dealer, the amount of portfolio activity in the client's account, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately. We will review with clients any separate program fees that may be charged to clients.

Additional Fees and Expenses: In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account. Please refer to the "Brokerage Practices" section (Item 15) of this disclosure brochure for additional information.

ERISA Accounts: McMillion Capital Management, Inc. is aware that it is deemed to be a

fiduciary to advisory clients that are employee benefit plans or some types of individual retirement accounts (IRAs) subject to the Employee Retirement Income and Securities Act ("ERISA"), and the Internal Revenue Code. As a fiduciary McMillion Capital Management is subject to specific rules that do not apply to non-ErISA types of accounts. Consequently, we structure our agreement, with ERISA clients to comply with those regulations.

Advisory Fees in General: Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

Limited Prepayment of Fees: Under no circumstances do we require or solicit payment of fees in excess of \$1200 more than six months in advance of services rendered.

Item 6 Performance-Based Fees and Side-By-Side Management

McMillion Capital Management, Inc. does not charge performance-based fees.

MCM does not engage in Side-by-Side Management (which involves investing fee based clients while at the same time investing client funds on a performance fee basis which could create a conflict of interest.

Item 7 Types of Clients

McMillion Capital Management, Inc. provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Charitable organizations
- Corporations or other businesses not listed above
- Non Erisa Qualified IRAs

Traditional IRA
Roth IRA

Educational (not retirement plan)

- ERISA Qualified IRAs

Simple IRA (created by Employer for employee

SEP IRA (self employed plan)

Rollover IRA (transferred from another ERISA Qualified Plan

- Other ERISA Qualified Plans

- 401 (K) Plan

- Pension Plans

- Other Plans

- 401 (c)

- 403(b)

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

METHODS OF ANALYSIS

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

Charting. In this type of technical analysis, we review charts of market and security price patterns in an attempt to identify when the market is moving up or down and to predict how long the trend may last and when that trend might reverse.

Fundamental Analysis. This is a primary tool that we use to start to value a company which we might want to include in our portfolios. This is stock by stock specific. We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

Technical Analysis. We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement. Technical analysis may bring a stock to our attention as a first

Indicator, or it may be our last indicator of price to buy or sell.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

Cyclical Analysis. In this type of technical analysis, we measure the movements of a particular stock against the overall market in an attempt to predict the price movement of the security. Seasonal analysis is useful in that the stock market tends to have repeatable patterns when it is rising or falling. In addition, there are specific periods when historical studies depict strong up or down patterns. This is useful in helping to determine advantageous times to buy or sell. There is always risk that the historical tendency may change.

Qualitative Analysis. We subjectively evaluate non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement, and predict changes to share price based on that data.

A risk in using qualitative analysis is that our subjective judgment may prove incorrect.

Asset Allocation. It is believed by many investment professionals, including MCM that a high percentage of the return of an investment portfolio comes from the asset allocation, the mix of stocks, bonds, and cash. This is not a static thing; however, the mix must change as the environment for investment changes. This must be tailored to the goal and risk quotient of each client.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and if not corrected, will no longer be appropriate for the client's goals.

Mutual Fund and/or ETF Analysis. We do not use the typical managed open end mutual funds in our investment portfolios. We do use Exchanged Traded Funds (ETF's) which trade daily like individual stocks. We have found them to be a cost effective vehicle for macro sector investments such as groups of developing countries. We examine the holdings to be sure they do not overlap with other investments in the portfolio and our sought after diversification.

Risks for all forms of analysis. Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

INVESTMENT STRATEGIES

We use the following strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

Our investment style is known as Growth at a Reasonable Price (G.A.R.P.).

It begins with an analysis of the macro environment for investment including the global economy, monetary, fiscal and trade policy, the trend of inflation, interest rates and corporate earnings. From this analysis, economic sector allocations (10 sectors defined by Standard & Poor's) are determined. Following that, individual stock selections are made using GARP methodology and technical analysis to fill the sectors.

This style represents a combination of Growth and Value investing and is designed to construct an equity investment portfolio with characteristics of a lower price earnings ratio, lower volatility and a higher 5 year forward earnings growth rate than the market benchmark.

We do not use leverage or derivative instruments other than puts and calls when used in a hedging strategy.

Long-term purchases. We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

Short-term purchases. We do not utilize a trading strategy.

Option writing. We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts:

- A call gives us the right to buy an asset at a certain price within a specific period of time.
- A put gives the holder the right to sell an asset at a certain price within a specific period of time.

We will only use options to "hedge" a purchase of the underlying security; in other words, we will use an option purchase to limit the potential downside of a security we have purchased for your portfolio.

We use "covered calls", in which we sell an option on a security the client owns. In this strategy, you receive a fee for making the option available, and the person purchasing the option has the right to buy the security from you at an agreed-upon price within a specified period of time.

Risk of Loss.

Clients should understand that investing in any securities, involves a risk of loss of both income and principal.

Item 9 Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

Item 10 Other Financial Industry Activities and Affiliations

Some management personnel of McMillion Capital Management, Inc. are separately licensed as registered representatives of McMillion Securities, Inc., an affiliated broker. These individuals can effect securities transactions for which the Securities firm will receive separate compensation.

Conflicts of Interest:

While McMillion Capital Management, Inc. and these individuals endeavor at all times to put the interest of the clients first as part of our fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of these individuals when making recommendations.

Two management persons of McMillion Capital Management are registered representatives of McMillion Securities, a FINRA member broker affiliate. McMillion Securities does not solicit business from the general public and its principal function is to provide brokerage services to the clients of McMillion Capital Management.

No McMillion Capital Management, Inc. client is obligated to use the services of the Related Company.

Again, clients should be aware that the receipt of additional compensation by McMillion Capital Management, Inc. creates a conflict of interest that could impair the objectivity of our firm and these individuals when making advisory recommendations. McMillion Capital Management, Inc. endeavors at all times to put the interest of its clients first. As part of our fiduciary duty as a registered investment advisor, we take the following steps to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for our firm to receive compensation from advisory clients in addition to our firm's advisory fees;
- we disclose to clients that they are not obligated to purchase investment products from our affiliated company;
- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- our firm's management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- we require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

McMillion Capital Management, Inc. and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere, not only to the specific provisions of the Code of Ethics, but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and record keeping provisions.

McMillion Capital Management, Inc.'s Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email to don@mcmillioncapital.com or by calling us at 336-274-2491.

McMillion Capital Management, Inc. and individuals associated with our firm are prohibited from engaging in principal transactions.

McMillion Capital Management, Inc. and individuals associated with our firm are prohibited from engaging in agency cross transactions.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell, for their personal accounts, securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in certain securities which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction being implemented for an advisory account, thereby preventing such employee from benefiting from transactions placed on behalf of advisory accounts.

We may aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts will be excluded in the pro-rata allocation.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

1. No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
2. No principal or employee of our firm may buy or sell securities for their personal portfolio where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.

3. It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction being implemented for an advisory account. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.
4. Our firm requires prior approval for any initial public offering or private placement investments by related persons of the firm.
5. We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his designee.
6. We have established procedures for the maintenance of all required books and records.
7. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
8. We require delivery to and acknowledgement of the Code of Ethics by each supervised person of our firm.
9. Any individual who violates any of the above restrictions may be subject to termination.

As disclosed in the preceding section of this Brochure (Item 10), related persons of our firm are separately registered as principal and securities representatives of an affiliated broker. Please refer to Item 10 for a detailed explanation of these relationships and important conflict of interest disclosures.

Item 12 Brokerage Practices

Our discretionary accounts are required to provide us with written authority to determine which investments to be bought and sold (with some restrictions imposed by client), the amount to buy or sell and the broker dealer to use as well as cost to be charged for transactions.

The exception to this discretion as to broker selection and commission rate (under no circumstance will we not insist on investment discretion) is for the client to give us in writing a "directed brokerage" letter instructing us to effect all portfolio transactions through a named broker. This arrangement is provided for in our Investment Advisory Agreement in paragraph 4 and a copy of such directed brokerage letter is attached as part of our Investment Advisory Agreement.

In such client directed brokerage agreement, the client acknowledges that it will no longer rely on the advisor's ability to negotiate commissions, volume discounts and the client might have paid less commission had they not directed Manager to use a particular broker.

Clients may limit kinds of investments in their accounts and may change limitations by written notice to Manager.

Policy

As an investment advisory firm, McMillion Capital Management has a fiduciary and fundamental duty to seek best execution for the client. As a matter of policy and practice we seek to obtain, not necessarily the lowest commission, but the best overall qualitative execution in the particular circumstances.

The advisor must consider the full range and quality of broker's services, including execution capability, commission rates, value of research, financial responsibility and responsiveness, among other things.

As part of McMillion Capital Management's brokerage and best execution practices we have established a Brokerage Committee consisting of Donald C McMillion, CCO and Virginia Crotts, Head Trader. It has the responsibility for monitoring firm trading practices, periodically reviewing broker-dealers as well as monitoring an "Approved Broker-Dealer List.

Best Execution Guidelines for Fixed Income Securities and Equities

It is clear that the duty to seek best execution imposed on asset manager is the same for fixed income (bonds) as for stocks.

Bonds are generally traded in a negotiated deal between two parties rather than on an equity exchange where it is easier to compare quality of execution.

Therefore, McMillion Capital Management monitors bond trades using pre and post trade valuation services and relies on the knowledge and experience of the portfolio manager to determine the price range when compared to a benchmark, such as comparable maturity treasuries as well as the ethical reputation of the counterparty to the trade.

Trading procedures will support block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block.

Block trading may allow us to execute equity trades in a more timely, equitable manner, at an average share price. McMillion Capital Management, Inc. will typically aggregate trades among clients whose accounts can be traded at a given broker, and generally will rotate or vary the order of brokers through which it places trades for clients on any particular day. McMillion Capital Management, Inc.'s block trading policy and procedures include:

- 1) Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with McMillion Capital Management, Inc., or our firm's order allocation policy.
- 2) The trading desk, in concert, with the portfolio manager must determine that the purchase

or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.

- 3) The portfolio manager must reasonably believe that the order aggregation will benefit the client, and will enable McMillion Capital Management, Inc. to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.
- 4) Prior to entry of an aggregated order, a written order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order upon completion.
- 5) If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account.
- 6) Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order, and must share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.
- 7) If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.
- 8) McMillion Capital Management, Inc.'s client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.
- 9) Funds and securities for aggregated orders are clearly identified on McMillion Capital Management, Inc.'s records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.
- 10) No client or account will be favored over another.

Wrap Fee Executions – A wrap fee client is paying a single fee for both asset management and trade execution services. Execution of trades by a broker-dealer other than the sponsor may result in possibly a charge the client was not expecting. Portfolio managers must still consider the possibility that a non-SMA sponsor broker-dealer may be in a position to provide better execution in particular circumstance”.

Potential Conflicts of Interest

Execution of Client trades through an affiliate

McMillion Capital Management transacts 80%-85% of its trades through McMillion Securities, Inc. an affiliated company.

We are the first to point out that this presents a potential conflict of interest.

We feel that the potential conflict is mitigated by the following:

McMillion Capital Management maintains that a high percentage of securities owned by clients are held at McMillion Securities clearing and custody firm BB&T Securities, LLC and are posted and valued on the McMillion portfolio and order management systems (Axys) on a real time basis. As such, it is much more client efficient and cost effective to pre construct a block trade and run a trial to determine errors (insufficient funds) prior to actual trade which might involve consultation with the asset managers.

Our Best Execution Committee has and continues to review and analyze the results of large block trades entered by using this system to determine whether the total trade results fits with the definition of "Best Execution".

Potential Conflict among Clients

Blocking of client trades is done at each custodian brokerage house when possible.

Trade sequencing is done by alternating between inside accounts and other directed brokers.

Potential Conflict between Clients and Advisor

Valuation is not considered a conflict since pricing is done through the custodian of each account or Interactive Data Corporation (independent national pricing system).

Recommendation of securities in which advisor has a financial interest is not considered a conflict since neither McMillion Capital Management nor McMillion Securities maintains any proprietary trading accounts.

McMillion Capital Management executes trades on an agency basis only.

McMillion Capital Management maintains no "soft dollar" arrangements to receive any compensation from brokers in return for placing trades.

Conflicts between Clients and Advisory Personal

Personal Securities trading by employees- Pre-clearance is required unless trading with clients on a block trade.

Item 13 Review of Accounts

INVESTMENT SUPERVISORY SERVICES INDIVIDUAL PORTFOLIO MANAGEMENT

REVIEWS: While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, these accounts are reviewed at least quarterly. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

These accounts are reviewed by: Donald C. McMillion, P. Lawrence Wingate and Virginia D. Crotts

REPORTS: In addition to the monthly statements and confirmations of transactions that clients receive from their broker-dealer, or custodian, we provide quarterly reports summarizing account performance, balances and holdings. Clients can access accounts online through the internet if the custodian or broker allows access.

Item 14 Client Referrals and Other Compensation

It is McMillion Capital Management, Inc.'s policy not to engage solicitors or to pay related or non-related persons for referring potential clients to our firm.

It is McMillion Capital Management, Inc.'s policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

Item 15 Custody

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On a monthly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period as well as copies of confirmations of trades displaying commissions charged.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

In addition to the periodic statements that clients receive directly from their custodians, we also send account statements directly to our clients on a quarterly basis. We urge our clients to carefully compare the information provided on these statements to ensure that all account transactions, holdings and values are correct and current.

Our firm does not have actual or constructive custody of client accounts.

Item 16 Investment Discretion

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- determine the security to buy or sell; and/or
- determine the amount of the security to buy or sell
- The broker to be used including our affiliate
- The commission to be charged

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority as to holdings in portfolio or asset mix by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

As previously disclosed in Item 4 of this brochure, our firm does not provide non-discretionary asset management services.

Item 17 Voting Client Securities

We vote proxies for all client accounts; however, you always have the right to vote proxies yourself. You can exercise this right by instructing us in writing to not vote proxies in your account.

We will vote proxies in the best interests of its clients and in accordance with our established policies and procedures. Our firm will retain all proxy voting books and records for the requisite period of time, including a copy of each proxy statement received, a record of each vote cast, a copy of any document created by us that was material to making a decision how to vote proxies, and a copy of each written client request for information on how the adviser voted proxies. If our firm has a conflict of interest in voting a particular action, we will notify the client of the conflict and retain an independent third-party to cast a vote.

Clients may obtain a copy of our complete proxy voting policies and procedures by contacting Virginia D. Crotts by telephone, email, or in writing. Clients may request, in writing, information on how proxies for his/her shares were voted. If any client requests a copy of our complete proxy policies and procedures or how we voted proxies for his/her account(s), we will promptly provide such information to the client.

We may advise or act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account, including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, we will make at its expense, commercially reasonable efforts to forward such notices in a timely manner.

With respect to ERISA accounts, we will vote proxies unless the plan documents specifically reserve the plan sponsor's right to vote proxies. To direct us to vote a proxy in a particular manner, clients should contact Virginia D. Crotts by telephone, email, or in writing.

You can instruct us to vote proxies according to particular criteria (for example, to always vote with management, or to vote for or against a proposal to allow a so-called "poison pill" defense against a possible takeover). These requests must be made in writing. You can also instruct us on how to cast your vote in a particular proxy contest by contacting us at 336-274-2491 or ginger@mcmillioncapital.com. Our instructions by client as to casting of proxy votes must be confirmed in writing.

Item 18 Financial Information

As an advisory firm that maintains discretionary authority for client's accounts, we are required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. McMillion Capital Management, Inc. has no additional financial circumstances to report.

Under no circumstances do we require or solicit payment of fees in excess of \$1200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

McMillion Capital Management, Inc. has not been the subject of a bankruptcy petition at any time during the past ten years.