

# **Anfield Capital Management, LLC**

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## **Form ADV, Part 2A Brochure**

April 1, 2014

This brochure provides information about the qualifications and business practices of Anfield Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at (949) 891 0600. 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.

Any reference to or use of the terms “registered investment adviser” or “registered,” does not imply that Anfield Capital Management, LLC or any person associated with Anfield Capital Management, LLC has achieved a certain level of skill or training.

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

## ITEM 2 - MATERIAL CHANGES

**Revised April 1, 2014**

The purpose of this page is to inform you of material changes since the last annual update to our brochure. If you are receiving this brochure for the first time, this section may not be relevant to you.

Material changes that have occurred since the December 31, 2013 version of our firm brochure are as follows:

- The Trosky Living Trust, owned by Benjamin and Cheryl Trosky, is no longer associated with Anfield Capital Management, LLC. As such, Anfield no longer serves as investment adviser to Tripolay Investment Partners, LP, a private fund.
- Anfield Capital Management, LLC (“Anfield”) serves as Advisor (formerly the “Sub-Advisor”) to the Anfield Universal Fixed Income Fund, an open end mutual fund that is a series of the Two Roads Shared Trust. The Trust is registered under the Investment Company Act of 1940. Anfield is not affiliated with Two Roads Shared Trust.
- Anfield also serves as Sub-Advisor to Anfield Advisors (“Adviser”), which is outlined in this brochure. Anfield and Anfield Advisors share the same principal place of business and are under joint ownership and control.

We review and update this brochure at least annually to confirm that it remains current. In the future, this item will discuss only specific material changes that we made to the brochure and provide you with a summary of such changes. Future summaries will also reference the date of the last annual update of this brochure.

Whenever you would like to receive a complete copy of our firm brochure, please contact us by telephone at: (949) 891 0600 or by email at: [jsimpson@anfieldllc.com](mailto:jsimpson@anfieldllc.com).

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## ITEM 4 - ADVISORY BUSINESS

### Description of Advisory Firm

Anfield Capital Management, LLC (“Anfield,” “we,” “our,” or “us”) is a privately owned limited liability company headquartered in Newport Beach, California. Anfield is registered as an investment adviser with the SEC. Anfield offers a range of services to both private and institutional clients, including financial consulting and investment management. Anfield was originally founded in 2009 and underwent reorganization in 2012.

### Principal Owners

Anfield is primarily owned by Anfield Group, LLC. Anfield Group, LLC is part of the David Young and Sandra G. Glain Family Trust and the owners of the trust are David Young and Sandra G. Glain.

### Advisory Services Offered

#### Separate Account Management

Anfield offers investment advisory services to separate account clients including financial consulting, investment policy statement determination, asset allocation, portfolio management, and client reporting. We specialize in understanding the unique goals and requirements of each client that we work with and provide customized investment management advice responsive to their needs. We employ a long-term approach to: client needs assessment, strategic financial planning, asset class modeling, asset allocation, portfolio optimization, risk control, performance measurement and reporting.

Advisory services are provided through consultation with the client and may include: determination of financial objectives, identification of financial matters, cash flow management, tax planning, insurance review, investment management, education funding, retirement planning, and estate planning consultation. Anfield does not provide legal advice; however, we will work with our client’s attorney.

Generally, a written evaluation of each client's initial situation is provided to each financial planning client, often in the form of a financial plan. Periodic reviews are also communicated to provide reminders of the specific courses of action that need to be taken. More frequent reviews occur but are not necessarily communicated to the client unless immediate changes are recommended.

Investment management is generally provided on a discretionary basis. We also offer investment advisory services to clients on a non-discretionary basis. For these clients, we will contact the client before making recommendations we deem to be appropriate for the client. See also **Item 16 – Investment Discretion** below.

We describe fees charged for our services below under **Item 5 - Fees and Compensation**.

### Consulting Services

Anfield also offers customized consultation regarding economic and market outlook, investment strategy, security selection, and financial planning. Anfield will also participate in speaking engagements and presentations on economics, investment principles, asset allocation, or other related topics as requested by the client.

### Adviser to Mutual Fund

Anfield also serves as adviser to the Anfield Universal Fixed Income Fund, an open end mutual fund that is a series of the Two Roads Shared Trust. The Trust is registered under the Investment Company Act of 1940. Anfield is not affiliated with Two Roads Shared Trust.

Anfield may allocate to its clients shares of the Anfield Universal Fixed Income Fund, in which case Anfield will exclude that asset from billing on the investment account and will only receive compensation as adviser to the Fund.

### Types of Investments

Investment advice under the Separate Account Management service may be offered on any investment held by the client at the start of the advisory relationship. Investment advice may be related to the following securities: exchange-listed securities, securities traded over-the-counter, foreign issues, warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities (variable life insurance, variable annuities, mutual fund shares), United States government securities, options (securities, commodities), futures contracts (tangibles, intangibles), partnership interests (real estate, oil and gas, private equity). However, Anfield may offer advice regarding other types of investments on an ad hoc basis per individual client inquiry or as appropriate in order to address the individualized needs, goals, and objectives of the client. We describe the material investment risks for many of the securities that we recommend under the heading **Specific Security Risks** in **Item 8** below.

We discuss our discretionary authority below under **Item 16 - Investment Discretion**. For more information about the restrictions clients can put on their accounts, see **Tailored Services and Client Imposed Restrictions** in this item below.

### Limitations on Investments

In some circumstances, Anfield's advice under the Separate Account Management service may be limited to certain types of securities.

#### Limitation by Plan Sponsor/Employer

In the event Anfield is managing assets within a retirement plan such as 401(k), 403(b), or other employer plan Anfield is limited to those investment providers and investment options chosen by the plan administrator. Similarly, when we provide services to participants in an employer-sponsored plan, the participant may be limited to investing in securities included in the plan's investment options. Therefore, Anfield can only make recommendations to the client from among the available investment options, and Anfield will not recommend or invest the client's account in other securities, even if there may be better options elsewhere.



### Non-Managed Assets

With respect to investment management services, Anfield will only be responsible for the supervision and management of securities we recommend. Anfield will not be responsible for the supervision or management of non-managed assets. Non-managed assets may include securities held in a client's account that is under management with Anfield that were:

1. Delivered into the account by the client;
2. Purchased by the client;
3. Purchased by Anfield at the request of the client as an accommodation; or
4. Designated by the client to be non-managed securities by written notification.

### **Tailored Services and Client Imposed Restrictions**

At the inception of each client relationship under the Separate Account Management service, Anfield works with the client to assess the client's financial situation and needs, offers financial advice and guidance, and offers to create a customized written financial plan. Clients may then engage Anfield to implement the plan through ongoing investment management and supervisory services. Once retained, Anfield typically generates a written investment policy statement ("IPS") for the client to govern the management of their investment assets. Clients may also impose certain restrictions on investing in certain types of securities or investments within the IPS.

### **Assets Under Management**

Anfield manages discretionary accounts on a continuous and regular basis. As of April 1, 2014, Anfield managed approximately \$21,641,367 in assets on a discretionary basis. In addition, we manage certain client accounts by providing non-discretionary advice when requested by the client and the management is not necessarily provided on a continuous or regular basis. The assets that we provide non-discretionary advice when requested by the client were approximately \$1,114,301 as of April 1, 2014.

## **ITEM 5 - FEES AND COMPENSATION**

### **Investment Advisory Fees**

#### Separate Account Management

Anfield bases our fees on a percentage of assets under management, hourly charges, and retainer service fees.

*Retainer Agreements* may be priced based on the complexity of work, especially when asset management is not the most significant part of the relationship. Fees for retainer agreements are negotiated with each client and are typically charged as a fixed fee for a set of deliverables or on an hourly basis, generally based on a rate of \$250 per hour.

An annual advice fee for both general guidance on financial matters and financial planning services is charged in addition to investment management and supervisory fees. The annual fee for advice and financial planning services is 0.50% of assets under management (AUM) at Anfield and payable quarterly in advance

The annual fee for investment management services is payable quarterly in advance as a percentage of assets under management (AUM), based on the following schedule:

First \$3,000,000	1.25%
Next \$7,000,000	1.00%
Next \$10,000,000	0.80%
Thereafter	0.60%

Anfield also offers asset supervisory services in conjunction with other services. The annual fee for asset supervisory services is payable quarterly in advance as a percentage of assets under supervision (AUS), based on the following range: 0.10% to 1.00%. Fees for assets under supervision are determined on a case by case basis. Alternatively, Anfield may enter into Retainer Agreements with clients for asset supervisory services. All retainer fees for asset supervisory services are determined on a case by case basis.

Anfield reserves the right to negotiate all fees and terms with clients. Lower fees for comparable services may be available from other sources. Client and client's immediate family accounts may be aggregated for fee breakpoint purposes. At Anfield's discretion, advisory services may be provided without charge to employees and their family members. Investment management fees are based on the market value of assets in the account on the last business day of the previous quarter. At the inception of the account, the fee will be prorated for the remainder of the current billing period and will be based on the value of the account as of the date when the majority of assets are transferred.

### Consulting Services

Fees for Anfield's customized consultation regarding economic and market outlook, investment strategy, security selection, and financial planning are charged depending on the nature of the assignment:

Project consulting with a specific deliverable such as an economic outlook, portfolio strategy or financial plan will be charged a fee as agreed between Anfield and the client. Project consulting fees will generally range from \$1,000 to \$10,000, but may be more or less, depending on the scope of the services provided. Open-ended consulting assignment: \$250 per hour. Fees are payable 50% upon acceptance of assignment, based on forecast effort for open-ended consulting, with balance due on completion (adjusted for actual time where applicable).

Speaking honoraria and travel expenses are negotiated on a case by case basis and payable in advance.

### Adviser to Mutual Fund

The fees Anfield receives for providing investment management services to the Anfield Universal Fixed Income Fund is outlined in the written advisory agreement. The fees are disclosed and described in the fund's prospectus.

## **Other Fees and Expenses**

Anfield's fees do not include custodian fees. Clients pay all brokerage commissions, stock transfer fees, margin charges, foreign exchange and settlement fees, and/or other charges incurred in connection with transactions in accounts, from the assets in the account. These charges are in addition to the fees client pays to Anfield. See **Item 12 - Brokerage Practices** below for more information on the factors that Anfield considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation.

In addition, any mutual fund shares held in a client's account may be subject to deferred sales charges, 12b-1 fees, early redemption fees, and other fund-related expenses. The fund's prospectus fully describes the fees and expenses. All fees paid to Anfield for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds. Mutual funds pay advisory fees to their managers, which are indirectly charged to all holders of the mutual fund shares. Consequently, clients with mutual funds in their portfolios are effectively paying both Anfield and the mutual fund manager for the management of their assets.

## **Termination**

Accounts may be terminated in accordance with the provisions set forth in the agreement – at any time by written notice. Terminated accounts are credited the pro-rata unearned portion of fees for the quarter of termination only.

Anfield considers project consulting services to be complete, and the agreement terminated upon delivery of the agreed upon project. In the event that either the client or Anfield wishes to terminate the project consulting agreement before completion of the plan, either party may terminate the agreement at any time by providing written notice to the other party.

Upon notice of termination, Anfield will provide the client with an invoice for services provided through the date of termination. If the client paid fees in advance that were more than the amount due for services, Anfield will refund any unearned fees.

## **Other Compensation**

Anfield does not accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

## **ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Anfield does not charge performance-based fees or other fees based upon a share of capital gains or capital appreciation of client assets to individually managed account clients.

## **ITEM 7 - TYPES OF CLIENTS**

Anfield generally provides personalized confidential financial consulting, discretionary investment management and financial planning services to individuals, high net worth individuals, pension and profit sharing plans, trusts, and estates. We also offer services to charitable organizations, corporations and other business entities. Client relationships vary in scope and length of service. In addition, Anfield acts as adviser to a mutual fund.

Generally, Anfield requires individually managed account clients to maintain a minimum account size of \$1 million. We may combine family accounts to meet the account size minimum. Anfield may reduce or waive the account minimum requirements at our discretion.

## **ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **Methods of Analysis**

Anfield may employ the following security analysis methods including: fundamental analysis; technical analysis; and cyclical analysis. Anfield may use the following sources of information: corporate financial statements, management presentations, specialized research publications, and general news sources.

Other sources of information that Anfield may use include: information from investment managers, financial service companies, database companies, financial journals, government sources, and industry professionals.

### **Investment Strategies**

Anfield practices two primary investment strategies depending on the needs of the client:

- 1) Strategic asset allocation utilizing a core and satellite approach. This means that we use passively-managed index and exchange-traded funds as the core investments, and then add actively-managed funds where there are greater opportunities to add value. Portfolios are diversified to control the risk associated with traditional markets.
- 2) Individual security selection using fundamental investment analysis

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. Generally, each client executes an Investment Policy Statement that documents their objectives and their desired investment strategy.

Other strategies may include long-term purchases, short-term purchases, trading, short sales, margin transactions, and option writing (including covered options, uncovered options or spreading strategies).

### *Short-Selling*

Anfield may implement short sales for client accounts. A client would realize a profit from a short position if the value of the underlying security sold “short” is lower when the borrowed security is replaced (“covered”) and would realize a loss if the security’s value is higher when covered. The loss from a short sale that is not covered by a similar security could theoretically be unlimited depending on how much the security sold short increases in value. The use of this strategy may increase the recognition (for income tax purposes) of gains and losses and increase other expenses (such as brokerage charges) compared to accounts that do not use these techniques. Clients may specifically request Anfield to limit or avoid the use of short sales within their accounts.

### *Leverage*

Anfield may use leverage in an effort to increase portfolio returns, typically using call options on common stocks or stock indexes, employing leveraged ETFs, and/or through margin borrowing. The amount of leverage employed and the precise techniques used are determined based on each client’s risk tolerance and overall financial situation, as well as current and anticipated future market conditions. While the use of leverage can increase returns, it can also magnify losses. Clients may specifically request that Anfield limit or avoid the use of some or all types of leverage in their accounts.

The above investment techniques may involve the use of derivative securities, including options and futures, in an effort to increase portfolio return. Securities are considered derivatives when their value is determined by or derived from the performance of an underlying asset or index. A client’s account would lose the premium and transaction costs related to the purchase of an unexercised option that expires worthless.

The price movements of derivatives may be more volatile than the price movements of other securities, and therefore may result in more than ordinary investment risk. Many of these investments may not enjoy as much liquidity as other securities, although Anfield seeks to invest in liquid derivative contracts to the extent possible and consistent with our investment strategy.

The use of the strategies discussed above may increase the recognition (for income tax purposes) of gains and losses and increase other expenses (such as brokerage charges) compared to accounts that do not use these techniques.

### *Margin*

Some clients of Anfield maintain margin accounts. Accordingly, we may use margin transactions to implement investment advice given to these clients. Clients are responsible for any brokerage or margin charges in addition to advisory fees. Risks of using margin include “margin calls” (also called “fed calls” or “maintenance calls”). Margin calls occur when account values decrease below minimum maintenance margin levels established by the broker-dealer that holds the securities in the client’s account, requiring the investor to deposit additional money or securities into their margin account. While the use of margin

borrowing can increase returns, it can also magnify losses. Clients may specifically request that Anfield limit or avoid the use of margin transactions in their accounts.

### *Private Placements*

Anfield may recommend limited partnerships and/or private offerings to clients based on factors that include but are not limited to accreditation status, the level of interest clients express during meetings with Anfield, and whether the program would offer diversification to the client. We consider these types of investments to carry a higher degree of risk. These securities are only available to accredited investors. Investments in such limited offerings will only occur after conducting additional consultation with the client and after the client has approved of the investment and strategy for his/her portfolio.

In certain circumstances, if deemed appropriate for the client, Anfield may recommend certain private placements or other investments in privately owned businesses to clients. Privately held companies typically sell their securities through private placement offerings. Generally, there is no ready market for private placement purchases and sales. Therefore, private placements are less liquid than market-based securities and considered risky investments. Consequently, investments in private placements are limited to persons who meet certain income and/or net worth requirements. Anfield will recommend such securities only to clients who meet the necessary income and/or net worth requirements and where Anfield believes the investment is appropriate for the client based on the client's ability to accept the risk. At the time of recommendation, Anfield will disclose to the client any proprietary interest in the company.

## **Investing Involves Risk**

Investing in securities always involves the risk that you will lose money. Before investing in the securities markets, clients should be prepared to bear that risk. Over time, a client's account value will fluctuate. At any time, your assets may be worth more or less than the amount you invested. As with any investment strategy, there is no guarantee that our strategies will be successful. Anfield makes no guarantees or promises that our market analysis will be accurate or the investment strategies we use will be successful.

Anfield exercises our discretionary authority to invest in securities that we believe are appropriate for the client, based on our understanding of the client's risk tolerance and investment objectives. We have generally summarized below what we feel are relevant risks broadly relating to the types of securities we primarily invest in for client accounts; however, securities may be subject to additional risks that are specific to that security or issuer, and we cannot and do not attempt to cover all risks that clients may be exposed to within their portfolios. Clients are strongly encouraged to review the prospectus disclosures and offering documents relating to the securities held in their portfolios if they have any questions, as these documents discuss in more detail the risks relating to the particular product. These documents are provided to the client by the client's custodian/broker. Clients with questions regarding a particular security should contact Anfield or the custodian/broker.

## Specific Security Risks

### General Risks of Owning Securities

The prices of securities held in client accounts and the income they generate may decline in response to certain events taking place around the world. These include events directly involving the issuers of securities held as underlying assets of mutual funds in a client's account, conditions affecting the general economy, and overall market changes. Other contributing factors include local, regional, or global political, social, or economic instability and governmental or governmental agency responses to economic conditions. Finally, currency, interest rate, and commodity price fluctuations may also affect security prices and income.

### Mutual Funds (Open-end Investment Company)

A mutual fund is a company that pools money from many investors and invests the money in stocks, bonds, short-term money-market instruments, other securities or assets, or some combination of these investments. The portfolio of the fund consists of the combined holdings it owns. Each share represents an investor's proportionate ownership of the fund's holdings and the income those holdings generate. The price that investors pay for mutual fund shares is the fund's per share net asset value (NAV) plus any shareholder fees that the fund imposes at the time of purchase (such as sales loads).

The benefits of investing through mutual funds include:

#### Professionally Managed

Mutual funds are professionally managed by investment adviser who research, select, and monitor the performance of the securities the fund purchases.

#### Diversification

Mutual funds typically have the benefit of diversification, which is an investing strategy that generally sums up as "Don't put all your eggs in one basket." Spreading investments across a wide range of companies and industry sectors can help lower the risk if a company or sector fails. Some investors find it easier to achieve diversification through ownership of mutual funds rather than through ownership of individual stocks or bonds.

#### Affordability

Some mutual funds accommodate investors who do not have a lot of money to invest by setting relatively low dollar amounts for initial purchases, subsequent monthly purchases, or both.

#### Liquidity

Generally, mutual fund investors can readily redeem their shares at the current NAV, less any fees and charges assessed on redemption. Less frequently, some mutual funds have the option to redeem shares using the underlying stocks in the fund's portfolio, or may delay redemption for a defined period.

Mutual funds also have features that some investors might view as disadvantages:

## Costs Despite Negative Returns

Investors must pay sales charges, annual fees, and other expenses regardless of how the fund performs. Depending on the timing of their investment, investors may also have to pay taxes on any capital gains distribution they receive. This includes instances where the fund went on to perform poorly after purchasing shares.

## Different Types of Funds

When it comes to investing in mutual funds, investors have literally thousands of choices. Most mutual funds fall into one of three main categories; money market funds, bond funds (also called “fixed income” funds), and stock funds (also called “equity” funds). Each type has different features and different risks and rewards. Generally, the higher the potential return, the higher the risk of loss.

### *Money Market Funds*

Money market funds have relatively low risks, compared to other mutual funds (and most other investments). By law, they can invest in only certain high quality, short-term investments issued by the U.S. Government, U.S. and foreign corporations, state and local governments, and bank issued certificates of deposit. Money market funds try to keep their net asset value (NAV), which represents the value of one share in a fund, at a stable \$1.00 per share. However, the NAV may fall below \$1.00 if the fund’s investments perform poorly. Investor losses have been rare, but they are possible. Money market funds pay dividends that generally reflect short-term interest rates, and historically the returns for money market funds have been lower than for either bond or stock funds.

### *Bond Funds*

Bond funds generally have higher risks than money market funds, largely because they typically pursue strategies aimed at producing higher yields. Unlike money market funds, the SEC’s rules do not restrict bond funds to high quality or short-term investments. Because there are many different types of bonds, bond funds can vary dramatically in their risks and rewards.

Some of the risks associated with bond funds include:

#### Credit Risk

There is a possibility that companies or other issuers may fail to pay their debts (including the debt owed to holders of their bonds). Consequently, this affects mutual funds that hold these bonds. Credit risk is less of a factor for bond funds that invest in insured bonds or U.S. Treasury Bonds. By contrast, those that invest in the bonds of companies with poor credit ratings generally will be subject to higher risk.

#### Interest Rate Risk

There is a risk that the market value of the bonds will go down when interest rates go up. Because of this, investors can lose money in any bond fund, including those that invest only in insured bonds or U.S. Treasury Bonds. Funds that invest in longer-term bonds tend to have higher interest rate risk.

#### Prepayment Risk

Issuers may choose to pay off debt earlier than the stated maturity date on a bond. For example, if interest rates fall, a bond issuer may decide to “retire” its debt and issue new bonds that pay a lower



rate. When this happens, the fund may not be able to reinvest the proceeds in an investment with as high a return or yield.

### *Stock Funds*

A stock fund's value can rise and fall quickly (and dramatically) over the short term but may demonstrate more stability over the long-term. Overall "market risk" poses the greatest potential danger for investors in stocks funds. Stock prices can fluctuate for a broad range of reasons, such as the overall strength of the economy or demand for particular products or services. Not all stock funds are the same. For example:

#### Growth Funds

Growth funds focus on stocks that generally do not pay a regular dividend but that have the potential for large capital gains. These funds favor companies expected to grow earnings, which could result in stock prices rising faster than the economy, and may be smaller and less seasoned companies. The smaller and less seasoned companies that may be in a growth fund have a greater risk of price volatility. Growth stocks, sometimes priced on future expectations rather than current results, may decline substantially from unmet expectations general weakened market conditions.

#### Equity Income Funds

Equity income funds stress current income over growth, and may invest in stocks that pay regular dividends. These funds are subject to dividend payout risk, which is the possibility that a number of the companies in which the fund invests will reduce or eliminate the dividend on the securities held by the fund.

#### Small Cap Funds

Funds that invest in stocks of small companies involve additional risks. Smaller companies typically have a higher risk of failure than larger, well-established blue chip companies do. Historically, smaller company stocks have experienced a greater degree of market volatility than the overall market average.

#### Mid Cap Funds

Funds that invest in companies with mid-range market capitalizations involve additional risks. The securities of these companies may be more volatile than the securities of larger companies and contain less liquidity in securities markets.

#### Index Funds

Index funds aim to achieve the same return as a particular market index, such as the S&P 500 Composite Stock Price Index, by investing in all or a representative sample of the companies included in an index.

#### International Funds

International investments are subject to additional risks, including currency fluctuation, political instability, and potential illiquid markets.

## Emerging Market Funds

Funds that invest in foreign securities of smaller, less-developed countries involve special additional risks. These risks include, but are not limited to currency risk, political risk and risk associated with varying accounting standards. Investing in emerging markets may accentuate these risks.

## Sector Funds

Sector funds may specialize in a particular industry segment, such as technology or consumer products stocks. Funds that invest exclusively in one sector or industry involve additional risks. The lack of industry diversification subjects the investor to increased industry-specific risk. For example, products of companies held by technology funds may be subject to severe competition and rapid obsolescence.

## *Tax Consequences of Mutual Funds*

When investors buy and hold an individual stock or bond, the investor must pay income tax each year on the dividends or interest the investor receives. However, the investor will not have to pay any capital gains tax until the investor actually sells and makes a profit. Mutual funds are different. When an investor buys and holds mutual fund shares, the investor will owe income tax on any ordinary dividends in the year the investor receives or reinvests them. Moreover, in addition to owing taxes on any personal capital gains when the investor sells shares, the investor may have to pay taxes each year on the fund's capital gains. That is because the law requires mutual funds to distribute capital gains to shareholders if they sell securities for a profit that cannot be offset by a loss.

## Exchange-Traded Funds (ETFs)

An ETF is a type of Investment Company (usually, an open-end fund or unit investment trust) containing a basket of stocks. Typically, the objective of an ETF is to achieve returns similar to a particular market index, including sector indexes. An ETF is similar to an index fund in that it will primarily invest in securities of companies that are included in a selected market. Unlike traditional mutual funds, which can only be redeemed at the end of a trading day, ETFs trade throughout the day on an exchange. Like stock mutual funds, the prices of the underlying securities and the overall market may affect ETF prices. Similarly, factors affecting a particular industry segment may affect ETF prices that track that particular sector.

## Options

Options may involve certain costs and risk such as liquidity, interest rate, market, credit, and the risk that a position could not be closed when most favorable. "Naked" options can cause the investor to lose more than the amount invested. If Anfield invests in naked options, we typically hold cash or another low risk security as collateral backing the trade. Anfield may sell "covered" options in an effort to produce income for the client's account. Selling covered call options may place a limit on upside gains, while selling put options may result in the purchase of a security at a price higher than the current market price.

## Covered Call

Anfield manages accounts using this investment strategy in an attempt to hedge risk and increase return by the sale of covered calls against the positions in the account. An investor should consider that the risk

level in these accounts is somewhat reduced by the sale of the calls, but the upside potential of the account is also limited by the sale of the call.

#### Uncovered Calls

If the price of the underlying security were to rise, risk increases significantly for the seller (writer) of an uncovered call since he or she would have to purchase the called security at market prices only to immediately sell it to the person exercising the call at a much lower value as established in the option's contract.

#### Cash and Cash Equivalents

The account may hold cash or invest in cash equivalents. Cash and cash equivalents are the most liquid of investments. Cash and cash equivalents are considered very low-risk investments meaning, there is little risk of losing the principal investment. Typically, low risk also means low return and the interest an investor can earn on this type of investment is low relative to other types of investing vehicles.

### **Financial Planning**

The financial planning tools Anfield uses to create financial plans for clients rely on various assumptions, such as estimates of inflation, risk, economic conditions, and rates of return on security asset classes. All return assumptions use asset class returns, not returns of actual investments, and do not include fees or expenses that clients would pay if they invested in specific products.

Financial planning software is only a tool used to help guide Anfield and the client in developing an appropriate plan, and we cannot guarantee that clients will achieve the results shown in the plan. Results will vary based on the information provided by the client regarding the client's assets, risk tolerance, and personal information. Changes to the program's underlying assumptions or differences in actual personal, economic, or market outcomes may result in materially different results for the client. Clients should carefully consider the assumptions and limitations of the financial planning software as disclosed on the financial planning reports and should discuss the results of the plan with a qualified investment professional before making any changes in their investment or financial planning program.

If the financial plan includes recommendations for investing in securities, you should understand that investing in securities involves risk of loss, and you should be prepared to bear that risk.

### **ITEM 9 - DISCIPLINARY INFORMATION**

Anfield and our personnel seek to maintain the highest level of business professionalism, integrity, and ethics. We are required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of our business or the integrity of our management. We do not have any required disclosures to this Item.

## ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

### Related Investment Advisers

Anfield Advisors, LLC (“Anfield Advisors”) is a related person of Anfield Capital Management, LLC (“ACM”), and an SEC registered investment adviser. David Young is a majority shareholder of ACM and is the 100% shareholder of Anfield Advisors. Anfield Advisors is registered as a separate legal entity. Anfield Advisors also operates as an insurance agency doing business as “Anfield Insurance Services” (“AIS”). ACM also serves as a Sub-Advisor to Anfield Advisors (“Adviser”) to furnish investment advisory services to the Adviser with respect to specified assets contained in one or more of the Accounts. ACM and Anfield Advisors share the same principal place of business and are under joint ownership and control.

### Insurance

In connection with our advisory services, Anfield may offer advice regarding the insurance needs of clients and may recommend insurance products to fill those needs. While Anfield does not sell insurance products to our advisory clients, Associated Persons of Anfield may be licensed as insurance agents. As a result, there is a potential conflict of interest. Therefore, clients are advised that if the client elects to act on Anfield’s insurance recommendations, the client is under no obligation to transact the insurance purchase through an Associated Person. Associated Persons may receive commissions and other compensation for insurance products that are purchased. The insurance commissions are separate from and in addition to any fee that Anfield receives for investment advisory services.

### Other

David Young is a Lecturer at the University of California Irvine, Paul Merage School of Business – Finance & Investments Department. This activity accounts for approximately 10% of his time.

While we may refer clients to other professionals (see **Item 14** below), we receive no compensation and do not believe that any of these referrals creates a material conflict of interest.

## ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

### Code of Ethics

Anfield believes that we owe clients the highest level of trust and fair dealing. As part of our fiduciary duty, we place the interests of our clients ahead of the interests of the firm and our personnel. Anfield’s personnel are required to conduct themselves with integrity at all times and follow the principles and policies detailed in our Code of Ethics (the Code). The Code sets forth the standards of business conduct the firm expects from each Supervised Person. It requires Supervised Persons to report and Anfield to monitor certain business activity or conduct to avoid potential conflicts of interest. The Code requires compliance with fiduciary duties, applicable securities laws, confidentiality, and placing clients’ interests first. A current copy of the Code will be provided to clients and prospective clients upon request.

### Personal Trading Practices

Anfield and our personnel may purchase or sell securities for themselves that we also recommend to clients. This includes related securities (e.g., warrants, options, or futures). This presents a potential conflict of interest as we may have an incentive to favor our personal trades over client transactions or use the information about the transactions we intend to make for clients to our personal benefit. Our personnel seek to ensure that they do not personally benefit from the short-term market effects of their recommendations to clients. Our personnel are required to report certain personal securities transactions to the firm, which are regularly monitored. The Chief Compliance Officer of Anfield is Jean Simpson. She reviews all employee trades each quarter. Her trades are handled by Aimee Reilly, and reviewed by David Young.

Our policies to address these conflicts include the following:

1. In every case, Anfield and our personnel will place the interests of clients ahead of the interests of Anfield and our personnel.
2. We prohibit trading in a manner that takes personal advantage of price movements caused by client transactions.
3. Conflicts of interest may arise when Anfield's personnel become aware of limited offerings or IPOs, including private placements or offerings of interests in limited partnerships or any thinly traded securities, whether public or private. Given the inherent potential for conflict, limited offerings and IPOs demand extreme care. Anfield's personnel are required to obtain pre-approval from the Chief Compliance Officer before trading in these types of securities.
4. We require our personnel to report personal securities transactions on a quarterly basis.
5. We prohibit trading on insider information, and have adopted and implemented written policies on insider trading.

### **Participation or Interest in Client Transactions**

Anfield may aggregate trades in like securities among client accounts as well as with accounts of Anfield and our personnel, as described in the policies below. Aggregation presents a potential conflict of interest as we may have an incentive to allocate more favorable executions to our own accounts or the accounts of our personnel.

Our policies to address this conflict are as follows:

1. Anfield will not aggregate transactions unless we believe that aggregation is consistent with our duty to seek best execution (which includes the duty to seek best price) for our clients and is consistent with the terms of Anfield's investment advisory agreement with each client for which trades are being aggregated;
2. No advisory client, including those clients in which Anfield or persons associated with Anfield have a direct or indirect beneficial interest, will be favored over any other client; each client that

participates in an aggregated order will participate at the average share price for all Anfield's transactions in a given security on a given business day (per custodian utilized);

3. Anfield will prepare, before entering an aggregated order, a written statement (the "Allocation Statement") specifying the participating client accounts and how we intend to allocate the order among the various accounts;
4. If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the Allocation Statement; if the order is partially filled, it will be allocated pro-rata based on the Allocation Statement;
5. Notwithstanding the foregoing, the order may be allocated on a basis different from that specified in the Allocation Statement if all client accounts receive fair and equitable treatment and the reasons for different allocation is explained in writing and is approved by the CCO no later than one hour after the opening of the markets on the trading day following the day the order was executed;
6. If an aggregated order is partially filled and allocated on a basis different from that specified in the Allocation Statement, no account that is benefited by such different allocation may effect any purchase or sale, for a reasonable period following the execution of the aggregated order, that would result in it receiving or selling more shares than the amount of shares it would have received or sold had the aggregated order been completely filled;
7. Anfield's books and records will separately reflect, for each client account, the orders of which are aggregated, the securities held by, and bought and sold for that account;
8. Funds and securities of clients whose orders are aggregated will be deposited with one or more banks or broker-dealers, and neither the clients' cash nor their securities will be held collectively any longer than is necessary to settle the purchase or sale in question on a delivery versus payment basis; cash or securities held collectively for clients will be delivered out to the custodian bank or broker-dealer as soon as practicable following the settlement;
9. Anfield will receive no additional compensation or remuneration of any kind as a result of the proposed aggregation; and
10. Individual investment advice and treatment will be accorded to each advisory client's account.

## **ITEM 12 - BROKERAGE PRACTICES**

### **The Custodian and Brokers We Use**

Clients must hold assets in an account at a "qualified custodian," generally a broker-dealer or bank. Unless otherwise directed, Anfield primarily recommends Charles Schwab & Co., Inc. ("Schwab"), a registered broker-dealer, member SIPC as the qualified custodian to individually managed account clients. Upon client inquiry, we may also recommend other brokerage or custodial services. Anfield is independently owned and operated, and has no affiliation with any broker-dealers.

Individually managed account clients will enter into a separate agreement with Schwab, or a broker-dealer/custodian of their choice to custody the assets. Anfield also requires that clients grant us limited power of attorney to execute client transactions through broker-dealer/custodian.

### *How We Select Brokers/Custodians*

We seek to recommend a custodian/broker who will hold client assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

1. Their ability to serve institutional advisors
2. Availability of a dedicated service team and that team's responsiveness and level of service
3. Availability of a dedicated trading desk
4. Access to daily downloads into our portfolio management software
5. trading costs
6. Prime brokerage services offered
7. Selection of mutual funds offered
8. Accuracy and timeliness of the broker/dealers reports
9. Number of branches and availability to clients
10. Quality of customer service
11. Brand identity, reputation, and integrity
12. Research resources
13. Availability of other products and services that benefit us, as discussed below (see ***Products and Services Available to Us From Schwab***)

### *Products and Services Available to Us from Schwab*

We may recommend that clients establish accounts with Schwab to maintain custody of clients' assets and to effect trades for their accounts. Schwab provides us with access to their institutional trading and custody services, which are typically not available to retail investors. Schwab's services include brokerage custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. Anfield's clients who choose to have their assets held at Schwab will not be charged separately for custody but are compensated by account holders through commissions or other transaction-related fees or securities trades that are executed.

Schwab makes available to us other products and services that may benefit Anfield but may not directly benefit our clients' accounts. These types of services will help us in managing and administering client accounts. These include software and other technology that provide access to client account data (i.e. trade confirmations and account statements); facilitate trade executions; provide research, pricing information, and other market data; facilitate in the payment of our fees from clients' accounts; and assist with back-office functions, record keeping, and client reporting. Many of these services may be used to service all or a substantial number of our accounts. We place trades for our clients' accounts subject to our duty to seek best execution. We may use broker-dealers other than Schwab to execute trades for client accounts maintained at Schwab, but this practice may result in additional costs to

clients because Schwab may assess additional fees for executing trades at another broker-dealer. Therefore, we are more likely to place trades through the broker-dealer where clients have decided to custody their assets rather than other broker-dealers. Schwab's execution quality may be different from other broker-dealers.

Schwab may also provide other benefits such as educational events, conferences on practice management, regulatory compliance, information technology, and business success. Schwab may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third party providing these services to Anfield.

None of the benefits received from Schwab are contingent upon Anfield committing any specific amount of business to Schwab in connection with client securities transactions.

As part of our fiduciary duties to clients, Anfield endeavors at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by Anfield or our personnel in and of itself creates a potential conflict of interest and may indirectly influence Anfield's recommendation of Schwab for custody and brokerage services.

#### *Client Brokerage and Custody Costs*

For our clients' accounts that Schwab maintains, Schwab generally does not charge separately for custody services. However, Schwab receives compensation by charging commissions or other fees on trades that they execute or that settle into clients' Schwab accounts. We do not receive any part of these separate charges.

In addition to commissions, Schwab charges a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into a client's Schwab account. These fees are in addition to the commissions or other compensation the client pays the executing broker-dealer. Because of this, in order to minimize trading costs, we have Schwab execute most trades for client accounts. We have determined that having Schwab execute most trades is consistent with our duty to seek "best execution" of client trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see ***How We Select Brokers/Custodians***).

#### *Directed Brokerage Transactions*

Anfield is prepared to work with any broker-dealer that the client chooses. The above disclosure outlines the broker and custodian that Anfield recommends. In circumstances where Anfield has been directed to execute all or a portion of client transactions through a specific broker (aka "directed brokerage"), the client should understand that: (1) Anfield will not negotiate specific brokerage commission rates with the broker on client's behalf, or seek better execution services or prices from other broker-dealers and, as a result, the client may pay higher commissions and/or receive less favorable net prices on transactions for their account than might otherwise be the case, and (2) transactions for that account generally will be effected independently unless Anfield decides to purchase or sell the same security for several clients at approximately the same time (block trade), in



which case Anfield may include such client's transaction with that of other clients for execution by the same broker. However, if transactions are not able to be traded as a block trade, Anfield may have to enter the transactions for the client's account after orders for other clients, with the result that market movements may work against the client, and (3) conflicts may arise between the client's interest in receiving best execution with respect to transactions effected for the account and Anfield's interest in receiving future client referrals from the broker.

Therefore, prior to directing Anfield to use a specific broker-dealer, a client should consider whether, under that restriction, execution, clearance and settlement capabilities, commission expenses and whatever amount is allocated to custodian fees, if applicable, would be comparable to those otherwise obtainable. Clients should understand that they might not obtain commissions rates as low as they might otherwise obtain if Anfield had discretion to select other broker-dealers. All directed brokerage arrangements must be provided to Anfield in writing by the client. A client must also notify Anfield in writing if the client decides to terminate the directed brokerage arrangement.

## **Order Aggregation**

Transactions for each client generally will be effected independently, unless Anfield determines that it is in the interest of other clients to purchase or sell the same securities at approximately the same time. Anfield may (but is not obligated to) aggregate or batch the orders to obtain best execution or to allocate the price and other transaction costs more equitably among participating clients. Aggregated client orders will be handled and allocated in the same manner as described in ***Item 11- Code of Ethics, Participation or Interest in Client Transactions and Personal Trading*** above.

## **ITEM 13 - REVIEW OF ACCOUNTS**

### **Managed Account Reviews**

Anfield monitors and reviews the holdings of individually managed accounts and private investment funds at least monthly for consistency with investment objectives, the adviser's market views, performance and risk factors. We conduct ad-hoc reviews when market factors or client circumstances warrant. Other conditions that may trigger a review are changes in market, political or economic conditions, tax laws, new investment information, and changes in a client's own situation. Members of the firm's Investment Committee conduct reviews, and may include others in the review as the firm's number of accounts grows. Account reviewers consider the client's current security positions and the likelihood that the performance of each security will contribute to the investment objectives of the client.

### **Financial Plan Reviews**

Anfield has designated certain Directors at the firm who are solely responsible for creating and reviewing clients' financial plans. We also work with clients on an ongoing basis. We review financial plans at least annually and update as needed, or as requested by the client.

## Account Reporting

### Individually Managed Accounts

Anfield provides regular written reports to individually managed account clients regarding their accounts in the following manner:

- At inception of the relationship Anfield generally requires that all investment management clients have Anfield prepare a financial plan. The financial plan will be reviewed at least annually and updated as needed, or at the client's request.
- Monthly "flash reports" with brief market commentary and performance update are available.
- Quarterly comprehensive report covering market environment, key economic developments, portfolio holdings, performance, attribution, outlook and investment strategy.
- Quarterly in-person reviews with the portfolio manager are available.

In addition, each individually managed account client receives a written statement from the custodian that includes an accounting of all holdings and transactions in the account for the reporting period.

## ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION

### Schwab Support Products and Services

We receive an economic benefit from Schwab in the form of the support products and services they make available to us and other independent investment advisors whose clients maintain their accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see **Item 12 – Brokerage Practices**). We do not base particular investment advice, such as buying particular securities for our clients, on the availability of Schwab's products and services to us.

### Solicitation Compensation

Anfield has compensation arrangements in which employees of the firm may receive a percentage of the advisory fees paid by new clients referred to the firm. In addition, Anfield may also enter into a compensation arrangement with other individuals not directly affiliated with the firm to receive similar advisory fees paid by new clients referred to the firm. If an unaffiliated solicitor introduces a client to Anfield, we may pay that solicitor a referral fee in accordance with corresponding state securities law requirements. If an unaffiliated solicitor introduces a client to Anfield, that solicitor will disclose the nature of the solicitor relationship with Anfield at the time of the solicitation. In addition, the solicitor will provide each prospective client with a copy of this brochure, and a copy of the written disclosure statement from the solicitor to the client disclosing the terms and conditions of the arrangement between Anfield and the solicitor, including the compensation the solicitor will receive from Anfield. Any affiliated solicitor of Anfield will disclose the nature of the relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of this brochure. Anfield will conduct due diligence to confirm that unaffiliated solicitors are properly licensed.

## Referrals to Unaffiliated Professionals

Anfield may refer clients to unaffiliated professionals for a variety of services such as insurance brokerage, mortgage brokerage, real estate sales, and trust & estate planning, legal, and/or tax/accounting services. In turn, these professionals may refer clients to Anfield for investment management. Anfield will not refer clients to other investment advisers unless that they are licensed, registered or exempt from registration as an investment adviser.

Anfield does not receive any monetary compensation for referring our clients. However, it could be concluded that Anfield is receiving an indirect economic benefit from this practice as the relationships are mutually beneficial and there could be incentive to recommend services of those who refer clients to Anfield. These referrals do not involve in any way client brokerage or the use of client commissions. Anfield will never share information with an unaffiliated provider unless first authorized by the client. Clients are under no obligation to purchase any products or services through these professionals.

Anfield only refers clients to professionals we believe are competent and qualified in their field. It is ultimately the client's responsibility to evaluate the provider. We will generally provide the client with a list of professionals that the client can contact, and it is solely the client's decision whether to engage a recommended firm. Clients are under no obligation to purchase any products or services through these professionals, and Anfield has no control over the services provided by another firm. Clients who chose to engage these professionals will sign a separate agreement with the other firm. Fees charged by the other firm are separate from and in addition to fees charged by Anfield.

If the client desires, Anfield will work with these professionals or the client's other advisers (such as an accountant, attorney, or other investment adviser) to help ensure that the provider understands the client's investments and to coordinate services for the client. Anfield does not share information with an unaffiliated professional unless first authorized by the client.

## ITEM 15 - CUSTODY

Anfield has limited custody of some of our clients' funds or securities when the clients authorize us to deduct our management fees directly from the client's account. A qualified custodian (generally a broker-dealer, bank, trust company, or other financial institution) holds clients' funds and securities. Clients will receive statements directly from their qualified custodian at least quarterly. The statements will reflect the client's funds and securities held with the qualified custodian as well as any transactions that occurred in the account, including the deduction of our fee.

Clients should carefully review the account statements they receive from the qualified custodian. When clients receive statements from Anfield as well as from the qualified custodian, they should compare these two reports carefully. Clients with any questions about their statements should contact us at the address or phone number on the cover of this brochure. Clients who do not receive a statement from their qualified custodian at least quarterly should also notify us.

## ITEM 16 - INVESTMENT DISCRETION

### Discretionary Management

Anfield generally accepts discretionary authority to manage securities accounts on behalf of clients. Our discretionary authority to manage securities accounts on behalf of clients is limited only by the terms of the Investment Management and Financial Advisory Agreement. In exercising our discretionary investment authority, Anfield will normally determine, without consultation with our clients on a transaction-by-transaction basis: 1) which securities are to be bought and sold for the account, 2) the total amount of such purchases and sales, 3) the broker-dealers through which transactions will be executed, 4) whether a client's transaction should be combined with those of other clients and traded as a "batch," and 5) the commission rates paid to effect the transactions.

Clients approve the custodian to be used and the commission rates paid to the custodian. Anfield does not receive any portion of the transaction fees or commissions paid by the client to the custodian. Clients also grant us discretionary authority in the contracts they sign with us. Clients also give us trading authority over their accounts when they sign the custodian paperwork. Private fund investors should review fund documents, which outline this authority.

However, certain client-imposed conditions may limit our discretionary authority, such as where the client prohibits transactions in specific security types or directs Anfield to execute transactions through specific broker-dealers. See also ***Tailored Services and Client Imposed Restrictions*** under ***Item 4*** and ***Item 12 – Brokerage Practices***, above.

### Non-Discretionary Management

For non-discretionary accounts, we will contact the client before making recommendations we deem to be appropriate for the client. Non-discretionary clients should be aware that recommendations are typically time sensitive and the following circumstances may cause market movements to work against the client:

1. We will not effect the transaction until we receive verbal or written instructions from the client;
2. We generally will not aggregate transactions for non-discretionary accounts with discretionary accounts; and
3. Transactions for non-discretionary accounts will generally be effected after transactions in discretionary accounts.

## ITEM 17 - VOTING CLIENT SECURITIES

### Proxy Voting

Anfield does not accept or have the authority to vote securities in individually managed accounts. Anfield will not be deemed have proxy voting authority solely as a result of providing advice or

information about a particular proxy vote to a client. Our individually managed account clients will receive their proxies or other solicitations directly from their custodian or a transfer agent. Where a client's account is invested in mutual funds, the investment adviser that manages the assets of the mutual fund generally votes proxies issued on securities held by the fund.

### *Mutual Funds*

For the Anfield Universal Fixed Income Fund, Anfield is responsible for voting proxies for the securities held in the fund in accordance with the voting policies of the fund.

### **Class Actions**

Anfield does not instruct or give advice to clients on whether or not to participate as a member of class action lawsuits and will not automatically file claims on the client's behalf. However, if a client notifies us that they wish to participate in a class action, we will provide the client with any transaction information pertaining to the client's account needed for the client to file a proof of claim in a class action.

## **ITEM 18 - FINANCIAL INFORMATION**

Registered investment advisers are required in this item to provide clients with certain financial information or disclosures about the firm's financial condition. Anfield does not require the prepayment of more than \$1,200 in fees per client, six months or more in advance, does not have or foresee any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients, and has not been the subject of a bankruptcy proceeding.