

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

**Asset Management Services, LLP**

2205 Cahaba Valley Drive,  
Suite 200  
Birmingham, Alabama 35242  
Telephone: 205-408-9596

March 21, 2015

This brochure provides information about the qualifications and business practices of Asset Management Services, LLP. If you have any questions about the contents of this brochure, please contact us at 205-408-9596 or [Tom@assetmgmtservicesllp.com](mailto:Tom@assetmgmtservicesllp.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 Asset Management Services, LLP also is available on the SEC's website at [www.adviserinfo.sec.gov](http://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 801-108932.

Asset Management Services, LLP is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## **Item 2     Material Changes**

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. In addition, each version will contain a summary of material changes since the previous version. Since our last Brochure dated 3/30/2014, the firm has had the following material changes:

- None

Consistent with regulations, 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.

### **Item 3     Table of Contents**

Item 1	Cover Page	1
Item 2	Material Changes	2
Item 3	Table of Contents	3
Item 4	Advisory Business	4
Item 5	Fees and Compensation	8
Item 6	Performance-Based Fees and Side-By-Side Management	11
Item 7	Types of Clients	11
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss	11
Item 9	Disciplinary Information	14
Item 10	Other Financial Industry Activities and Affiliations	14
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	14
Item 12	Brokerage Practices	16
Item 13	Review of Accounts	19
Item 14	Client Referrals and Other Compensation	20
Item 15	Custody	20
Item 16	Investment Discretion	20
Item 17	Voting Client Securities	21
Item 18	Financial Information	21

## Item 4 Advisory Business

Asset Management Services, LLP (hereafter **AMS**) is a SEC-registered investment advisor based in Birmingham, Alabama, and incorporated under the laws of the state of Alabama. Asset Management Services, LLP began conducting business in 1998.

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

- Thomas Edward Powell, Partner
- Benny G Paternostro, Partner

**AMS** manages \$156,623,000 (as of 1/27/2015) on a discretionary basis.

**AMS** offers the following advisory services to our clients:

### INDIVIDUAL PORTFOLIO MANAGEMENT SERVICES

Our firm provides continuous advice for clients regarding the investment of client funds based on the individual needs of the client which involves Investment Supervisory Services. Through meetings and discussions in which our client's goals and objectives are established, we develop a client's 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 by completing a Client Risk Profile. 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. 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.

### PORTFOLIO MANAGEMENT SERVICES

Our firm manages client accounts based on the individual needs of the client. Through meetings and discussions in which our client's goals and objectives are established, we develop the client's personal investment policy. We 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 by completing a Client Risk Profile. As appropriate, we may 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. 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.

Each portfolio is designed to meet a particular investment goal which we have determined is suitable to the client's circumstances. Once the appropriate portfolio has been determined, the portfolio is continuously managed based on the portfolio's goal, rather than on each client's individual needs. However, each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. For discretionary Portfolio Management Services client accounts, our process is:

We manage each client's account on the basis of the client's financial situation and investment objectives and any reasonable investment restrictions the client may impose.

We obtain sufficient client information to be able to provide individualized investment advice to the client. At least annually, we contact the client to determine whether there have been any changes in the client's financial

situation or investment objectives and whether the client wishes to impose investment restrictions or modify existing restrictions.

Each quarter we remind the client via their quarterly statement to notify us if there have been changes in their financial situation or investment objectives and whether the client wishes to impose investment restrictions or modify existing restrictions. These quarterly notifications include the means through which we may be contacted. We are reasonably available to consult with the client as they may request.

## **IMPLEMENTATION PROCESS FOR**

### **INDIVIDUAL PORTFOLIO MANAGEMENT or PORTFOLIO MANAGEMENT SERVICES**

We create a portfolio consisting of one or all of the following: exchange traded funds, individual stocks, bonds, other investment products, and no-load or load-waived mutual funds. We allocate the client's assets among various investments taking into consideration the overall management style selected by the client. The mutual funds are selected on the basis of any or all of the following criteria: the fund's performance history; the industry sector in which the fund invests; the track record of the fund's manager; the fund's investment objectives; the fund's management style and philosophy; and the fund's management fee structure. Portfolio weighting between funds and market sectors is determined by each client's individual needs and circumstances. Clients have the opportunity to place reasonable restrictions on the types of investments made on the client's behalf. Clients retain individual ownership of all securities.

In addition to the statement provided by the client's custodian, each client receives a quarterly statement with a description of all account holdings, performance and activity.

When appropriate to the needs of the client, we may utilize an adaptive risk allocation strategy to build and manage the client portfolio. The strategy is managed and administered by AMS and sub-advised by CLS Investment Firm, LLC (hereinafter CLS). The strategy uses risk budgeting, fundamental, statistical and relative strength analysis of multiple families of no-load and load mutual funds available at Net Asset Value (NAV), exchange traded funds, Folios (folios are baskets of stocks or individual securities), and/or other types of securities to diversify the portfolio among different asset classes according to the client objectives expressed in the Client Risk Profile. The strategy may utilize Affiliated Funds of CLS. Up to 100% of the portfolio may be invested in shares of funds that are advised or otherwise managed by CLS. CLS will receive a management fee from the Affiliated Funds. This fee is paid by the Affiliated Fund to CLS and AMS does not receive and is not responsible for the collection or payment of the fee. AMS is responsible for the continuing supervision of the portfolio and the actions of CLS in its role as sub-adviser in connection with the portfolio and the client's account. AMS is responsible for payment of the advisory fee or other charges of CLS with respect to the management of the portfolio. Use of CLS as sub-adviser does not impact the fee AMS charges the client.

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:

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

- Municipal securities
- Life insurance
- Annuities
- Mutual fund shares, exchange traded funds, closed end funds
- United States governmental securities
- Other - real estate and other tangible assets

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

### **PENSION CONSULTING SERVICES**

We also provide the following advisory services separately or in combination. While the primary clients for these services will be pension, profit sharing and 401(k) plans, we offer these services, where appropriate, to individuals and trusts, estates and charitable organizations. Pension Consulting Services are comprised of four distinct services. Clients may choose to use any or all of these services.

#### ***Investment Policy Statement Preparation (hereinafter referred to as "IPS"):***

We will meet with the client (in person, over the telephone or via web conference) to determine an appropriate investment strategy that reflects the plan sponsor's stated investment objectives for management of the overall plan. Our firm then prepares a written IPS detailing those needs and goals, including an encompassing policy under which these goals are to be achieved. The IPS also lists the criteria for selection of investment vehicles as well as the procedures and timing interval for monitoring of investment performance.

#### ***Selection of Investment Vehicles:***

We assist plan sponsors in constructing appropriate asset allocation models. We will then review various mutual funds (both index and managed) to determine which investments are appropriate to implement the client's IPS. The number of investments to be recommended will be determined by the client, based on the IPS.

#### ***Monitoring of Investment Performance:***

We monitor client investments, based on the procedures and timing intervals delineated in the Investment Policy Statement. Although our firm is not involved in any way in the purchase or sale of these investments, we supervise the client's portfolio and will make recommendations to the client as market factors and the client's needs dictate.

#### ***Employee Communications:***

For pension, profit sharing and 401(k) plan clients with individual plan participants exercising control over assets in their own account ("participant-directed plans"), we may also provide educational support and investment workshops designed for the plan participants. The nature of the topics to be covered will be determined by us and the client under the guidelines established in ERISA Section 404(c). The educational support and investment workshops will NOT provide plan participants with individualized, tailored investment advice or individualized, tailored asset allocation recommendations.

## ERISA INVESTMENT FIDUCIARY SERVICES

We may serve as the named Investment Fiduciary to a qualified retirement plan which may include being an "investment manager" within the meaning of ERISA Section 3(38) and a "fiduciary" within the meaning of ERISA Section 3(21). AMS will acknowledge our fiduciary status and duties in writing. While the primary clients for these services will be pension, profit sharing and 401(k) plans, we offer these services, where appropriate, to individuals and trusts, estates and charitable organizations. ERISA Fiduciary Services are comprised of three distinct services. Clients may choose to use any or all of these services.

### ***Investment Policy Statement Preparation (hereinafter referred to as "IPS"):***

We will meet with the client (in person or over the telephone) to determine an appropriate investment strategy that reflects the plan sponsor's stated investment objectives for management of the overall plan. Our firm then prepares a written IPS detailing those needs and goals, including an encompassing policy under which these goals are to be achieved. The IPS also lists the criteria for selection of investment vehicles as well as the procedures and timing interval for monitoring of investment performance.

### ***Selection of Investment Vehicles:***

We may provide plan sponsors with appropriate asset allocation models for pooled accounts. We will then review various mutual funds (both index and managed) and "investment managers" to determine which investments are appropriate to implement the client's IPS. We have the authority to remove and/or replace a plan investment option and authorize the hiring and/or firing of "investment managers".

### ***Monitoring of Investment Performance:***

We monitor client investments continually, based on the procedures and timing intervals delineated in the Investment Policy Statement.

## FINANCIAL PLANNING

We provide financial planning services. Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, all questions, information and analysis are considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service receive a written report which provides the client with a detailed financial plan designed to assist the client achieve his or her financial goals and objectives.

In general, the financial plan can address any or all of the following areas:

- **PERSONAL:** We review family records, budgeting, personal liability, estate information and financial goals.
- **TAX & CASH FLOW:** We analyze the client's income tax and spending and planning for past, current and future years; then illustrate the impact of various investments on the client's current income tax and future tax liability.
- **INVESTMENTS:** We analyze investment alternatives and their effect on the client's portfolio.
- **INSURANCE:** We review existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.

- **RETIREMENT:** We analyze current strategies and investment plans to help the client achieve his or her retirement goals.
- **DEATH & DISABILITY:** We review the client's cash needs at death, income needs of surviving dependents, estate planning and disability income.
- **ESTATE:** We assist the client in assessing and developing long-term strategies, including as appropriate, living trusts, wills, review estate tax, powers of attorney, asset protection plans, nursing homes, Medicaid and elder law.

We gather required information through in-depth personal interviews. Information gathered includes the client's current financial status, tax status, future goals, returns objectives and attitudes towards risk. We carefully review documents supplied by the client, including a questionnaire completed by the client, and prepare a written report. Should the client choose to implement the recommendations contained in the plan, we suggest the client work closely with his/her attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial plan recommendations is entirely at the client's discretion.

We also provide general non-securities advice on topics that may include tax and budgetary planning, estate planning and business planning.

Typically the financial plan is presented to the client within six months of the contract date, provided that all information needed to prepare the financial plan has been promptly provided.

Financial Planning recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic nature.

### **CONSULTING SERVICES**

Clients can also receive investment advice on a more focused basis. This may include advice on only an isolated area(s) of concern such as estate planning, retirement planning, or any other specific topic. We also provide specific consulting and administrative services regarding investment and financial concerns of the client.

Consulting recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic nature.

## **Item 5 Fees and Compensation**

### **INDIVIDUAL PORTFOLIO MANAGEMENT FEES**

and

### **PORTFOLIO MANAGEMENT SERVICES FEES**

The annualized fee for Individual Portfolio Management or Portfolio Management Services is charged as a percentage of assets under management, according to the following schedule:



**Portfolios containing stocks, bonds and ETFs**

<b><u>Assets Under Management</u></b>	<b><u>Annual Fee</u></b>
First \$250,000	1.85%
Next \$250,000	1.50%
Next \$500,000	1.25%
Next \$1,000,000	1.00%
Next \$5,000,000	0.75%
Portfolios over \$7,000,000 are priced on a case by case basis.	

**Mutual Fund Portfolios**

<b><u>Assets Under Management</u></b>	<b><u>Annual Fee</u></b>
First \$250,000	1.25%
Next \$750,000	0.90%
Next \$1,000,000	0.75%
Portfolios over \$2,000,000 are priced on a case by case basis	

Our fees are billed in arrears at the end of each calendar quarter based upon the value (market value or fair market value in the absence of market value) of the client's account at the end of the previous quarter. Fees will be debited from the account in accordance with the client's written authorization in the Client Services Agreement.

**Limited Negotiability of Advisory Fees:** Although AMS 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 client, assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, account composition and reports, among other factors. The specific annual fee schedule is identified in the contract between the advisor and each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

Discounts, not generally available to our advisory clients, may be offered to family members and associated persons of our firm.

**PENSION CONSULTING FEES**

and

**ERISA INVESTMENT FIDUCIARY SERVICES FEES**

Generally, our fees for Pension Consulting Services and ERISA Fiduciary Services are based on a percentage of assets under advisement, as follows:

We charge an annual fee for Pension Consulting Services or ERISA Investment Fiduciary Services which ranges from 0.10% to 1.25% of plan assets depending on the services requested and the size of the plan.

We offer several fee options. We may be compensated based on an annual percentage of plan assets for services involving ongoing reviews, or it may be compensated by an hourly fee or fixed fee. Alternatively, these different types of fees may also be combined as appropriate for the different types of services requested by the client.

Typically, the annual fee ranges from 0.10% to 1.25% of plan assets depending on the services requested and the size of the plan. Fees will be based upon the value of the plan at the end of the previous period. Fees will not

be adjusted based on additions and withdrawals during the calendar quarter.

AMS's hourly charges range from \$85 to \$185 per hour. A fixed fee may be quoted based on an estimate of hours for the services requested. We may request a retainer for hourly and fixed fee arrangements. The amount of a requested retainer will never exceed the fee for services to be provided within the first six months of an engagement.

### **FINANCIAL PLANNING FEES**

AMS's Financial Planning fee is determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client. We offer two fee options for Financial Planning services. Fees may be calculated and charged on an hourly basis, ranging from \$85 to \$185 per hour. Although the length of time it will take to provide a Financial Plan will depend on each client's personal situation, we will provide an estimate of the total hours at the start of the advisory relationship.

Fees may be calculated and charged on a fixed fee basis, typically ranging from \$500 to \$5,000, depending on the specific arrangement reached with the client. We may request a retainer upon completion of our initial fact-finding session with the client; however, advance payment will never exceed \$1,200 for work that will not be completed within six months. The balance is due upon completion of the plan.

The client is billed quarterly or monthly in arrears based on actual hours accrued.

### **CONSULTING SERVICES FEES**

AMS's Consulting Services fee is determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client.

We offer several fee options. We may be compensated based on an annual percentage of plan assets for services involving ongoing reviews, or it may be compensated by an hourly fee or fixed fee. Alternatively, these different types of fees may also be combined as appropriate for the different types of services requested by the client.

Fees may be calculated and charged on an hourly basis, ranging from \$85 to \$185 per hour. An estimate for the total hours is determined at the start of the advisory relationship. Fees may be on a fixed fee basis, typically ranging from \$500 to \$5,000, subject to the specific arrangement reached with the client. Fees may be charged as a percentage of assets under advisement by our firm, typically ranging from 0.10% to 1.85% of assets under review, depending on the nature and complexity of each client's circumstances, and upon mutual agreement with the client.

The client is billed in arrears on a monthly or quarterly basis as earned.

### **GENERAL INFORMATION**

***Termination of the Advisory Relationship:*** Clients may terminate investment advisory services obtained from AMS, without penalty, upon written notice within five (5) business days after entering into the advisory agreement with AMS. The client is responsible for any fees and charges incurred by the client from third parties as a result of maintaining the account such as transaction fees for any securities transactions executed and account maintenance or custodial fees. Thereafter, a client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded based on the time worked or remaining in the current billing cycle.

**Mutual Fund Fees:** All fees paid to AMS for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. 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.

**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(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

**ERISA Accounts:** AMS is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, AMS only charges fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees.

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

**Limited Prepayment of Fees:** Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

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

AMS does not charge performance-based fees and does not manage any hedge funds; therefore side-by-side management is not an issue.

## **Item 7 Types of Clients**

AMS provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Pension and profit sharing plans (other than plan participants)
- Charitable organizations
- Corporations or other businesses not listed above
- Trusts and Endowments

In general, a minimum of \$100,000 is required to open and maintain an advisory account. At our discretion, we may waive the minimum account size based upon certain circumstances.

## 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 activity 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.** 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 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.

**Quantitative Analysis.** We use mathematical models in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of a share price or earnings per share, and predict changes to that data. A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

**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.** Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of stocks, fixed income, cash and other assets suitable to the client's investment goals and risk tolerance.

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, cash and other assets 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 look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

**Third-Party Money Manager Analysis.** We examine the experience, expertise, investment philosophies, and past performance of independent third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the manager's compliance and business enterprise risks.

A risk of investing with a third-party manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the manager's daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

**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.

**Other: Trend-Correlation analysis.** This method of analysis is intended to assist in reducing the risk of the client participating in large market downturns. This process has been used effectively in reducing portfolio volatility when markets move down. A risk of this method of analysis is it may also reduce the client's level of participation in market up swings. This analysis is best implemented for portfolios intended to be invested for periods of at least 5 years.

## **INVESTMENT STRATEGIES**

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

**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 asset 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.** When utilizing this strategy, we purchase securities with the idea of selling them within

a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

A short-term purchase strategy poses risks should the anticipated price swing not materialize; we are then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss.

In addition, this strategy involves more frequent trading than does a longer-term strategy, and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

**Tactical Allocation.** When utilizing this strategy, we allocate assets to various broad asset classes based on the correlation of asset classes to each and current economic conditions. The purpose of this strategy is to limit participation in broad market declines while attempting to improve participation in markets as they rise. This strategy poses risks should the correlation trend change direction and then reverse again in a very short period of time. This situation may require additional allocation changes which could result in more frequent trading than does a longer-term strategy, and may result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

**Adaptive Risk Allocation.** The risk associated with various specific asset classes like stocks, bonds, cash and other assets changes over time as market and economic conditions change. For example, in early 2007 the real estate and stock market were near their greatest historical value and their associated risk was elevated as well. By tracking the risk of various asset classes through time, we have a foundation for making allocation decisions to keep a client's portfolio in line with their chosen risk profile. As the value of an asset class rises over its' historical norm, the risk of owning that asset increases. To bring the risk of a portfolio back to the client's chosen risk level, some asset classes are reduced and others that have less risk based on historical norms are added or increased. This process does not rely on predicting the direction of the markets. Even if the risk level for the client's portfolio is maintained at the chosen level, losses may still occur.

**Risk of Loss.** Securities investments are not guaranteed and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk.

## **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**

The owners of our firm also own PlanTech, LLP ("PT"). PT is a retirement plan administration provider. PT provides retirement plan design and administration services to companies who sponsor retirement plans such as 401(k), profit sharing, defined benefit and non-qualified plans. PT may also serve as the named Administrator of these plans. While an employer may choose to use the services of PT and AMS, they are not required to do so. Also, PT nor AMS cannot and does not have the authority to hire each other on the part of any client. Most plans served by PT are not clients of AMS. The owners of AMS may spend up to thirty-five percent of their time on matters related to PT and its clients.

Two of our related persons hold a license to sell insurance products. They may receive commissions on insurance products purchased by our clients. In that instance, our clients are not required to purchase products through any of our related persons. Clients should evaluate recommendations of such products and consider the potential conflict of interest that exists if they choose to allow the related personnel to assist them in the purchase of insurance products.

## **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.

AMS and our personnel owe a duty of loyalty, fairness and good faith to 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 of Ethics.

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 of Ethics also provides for oversight, enforcement and record-keeping provisions.

AMS'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 sent to [Tom@assetmgmtservicesllp.com](mailto:Tom@assetmgmtservicesllp.com), or by calling us at 205-408-9596.

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 a certain security(ies) 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(s) being implemented for an advisory account, thereby preventing such employee(s) 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 may be included in the pro-rata allocation.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and 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(s) 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(s) 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 IPO 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/her designee.
6. We have established procedures for the maintenance of all required books and records.
7. Clients can decline to implement any advice rendered, except in situations where our firm is granted discretionary authority.
8. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
9. We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
10. We have established policies requiring the reporting of Code of Ethics violations to our senior management.
11. Any individual who violates any of the above restrictions may be subject to termination.

## **Item 12 Brokerage Practices**

As our firm does not have the discretionary authority to determine the broker-dealer to be used or the commission rates to be paid, clients must direct Asset Management Services, LLP as to the broker-dealer to be used.

AMS requests that clients direct us to place trades through TD Ameritrade or Charles Schwab (hereafter "Broker"). We have evaluated Broker and believe that it will provide our clients with a blend of execution services, commission costs and professionalism that will assist our firm to meet our fiduciary obligations to clients.

We reserve the right to decline acceptance of any client account for which the client directs the use of a broker other than Broker if we believe that this choice would hinder our fiduciary duty to the client and/or our ability to service the account. In directing the use of Broker, it should be understood that AMS will not have authority to negotiate commissions or to necessarily obtain volume discounts, and best execution may not be achieved. In addition, a disparity in commission charges may exist between the commissions charged to the client and those charged to other clients (who may direct the use of another broker). Clients should note, while AMS has a reasonable belief that Broker is able to obtain best execution and competitive prices, our firm will not be independently seeking best execution price capability through other brokers. Not all advisors require clients to direct it to use a particular broker-dealer.

For clients in need of brokerage or custodial services, and depending on client circumstances and needs, we may recommend the use of one of several brokers (including, but not limited to TD Ameritrade and Charles Schwab), provided that such recommendation is consistent with our firm's fiduciary duty to the client. Our clients must evaluate these brokers before opening an account. The factors considered by AMS when making these recommendations are the broker's ability to provide professional services, our experience with the broker, the broker's reputation, the broker's quality of execution services and costs of such services, among other factors. Clients are not under any obligation to execute trades through any recommended broker.

AMS will 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.



Some broker/custodians charge based on the shares purchased at the account level. In that case cost may not be equal from one account to the next.

Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. AMS 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. Our block trading policy and procedures are as follows:

- 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 AMS 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, and will enable AMS 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 the 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, to those clients.
- 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, or to avoid excessive ticket charges in smaller accounts.
- 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) AMS'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 AMS'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.

AMS may recommend that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab"), a FINRA registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although we recommend that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. AMS is independently owned and operated and not affiliated with Schwab.

Schwab provides AMS with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab Institutional. These services are not contingent upon our firm committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For our client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab Institutional also makes available to our firm other products and services that benefit AMS but may not directly benefit our clients' accounts. Many of these products and services may be used to service all or some substantial number of our client accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist us in managing and administering our clients' accounts include software and other technology that:

- i. provide access to client account data (such as trade confirmations and account statements);
- ii. facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- iii. provide research, pricing and other market data;
- iv. facilitate payment of our fees from clients' accounts; and
- v. assist with back-office functions, recordkeeping and client reporting.

Schwab Institutional also offers other services intended to help us manage and further develop our business enterprise. These services may include:

- i. compliance, legal and business consulting;
- ii. publications and conferences on practice management and business succession; and
- iii. access to employee benefits providers, human capital consultants and insurance providers.

Schwab Institutional may make available, arrange and/or pay third-party vendors for the types of services rendered to AMS. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to our firm. Schwab Institutional may also provide other benefits such as educational events or occasional business entertainment of our personnel. In evaluating whether to recommend or require that clients custody their assets at Schwab, we may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

AMS participates in the institutional customer program offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member SIPC ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers services to independent investment advisors which include custody of securities, trade execution, clearance and settlement of transactions. AMS receives some

benefits from TD Ameritrade through our participation in the program.

AMS participates in TD Ameritrade's Institutional customer program and we may recommend TD Ameritrade to our clients for custody and brokerage services. There is no direct link between our firm's participation in the program and the investment advice we give to our clients, although we receive economic benefits through our participation in the program that are typically not available to TD Ameritrade retail investors.

These benefits include the following products and services (provided without cost or at a discount): duplicate client statements and confirmations; research-related products and tools; consulting services ; access to a trading desk serving advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain Institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to AMS by third party vendors. TD Ameritrade may also pay for business consulting and professional services received by AMS's related persons.

Some of the products and services made available by TD Ameritrade through the program may benefit AMS but may not benefit our client accounts. These products or services may assist us in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by AMS through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. Clients should be aware, however, that the receipt of economic benefits by AMS or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our recommendation of TD Ameritrade for custody and brokerage services.

## **Item 13    Review of Accounts**

### **INDIVIDUAL PORTFOLIO MANAGEMENT**

**and**

### **PORTFOLIO MANAGEMENT SERVICES**

**REVIEWS:** While the underlying securities within Individual Portfolio Management Services accounts and Portfolio Management 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: Ben Paternostro or Tom Powell or Max Powell

**REPORTS:** In addition to the monthly statements and confirmations of transactions that clients receive from their broker-dealer/custodian, we provide quarterly reports summarizing account performance, balances and holdings.

### **PENSION CONSULTING SERVICES**

**and**

### **ERISA INVESTMENT FIDUCIARY SERVICES**

**REVIEWS:** AMS will review the client's Investment Policy Statement (IPS) whenever the client advises us of a change in circumstances regarding the needs of the plan. We will also review the investment options of the plan according to the agreed upon time intervals established in the IPS. Such reviews will generally occur quarterly.

These accounts are reviewed by: Ben Paternostro or Tom Powell

**REPORTS:** These client accounts will receive reports as contracted for at the inception of the advisory relationship.

## **FINANCIAL PLANNING SERVICES**

**REVIEWS:** While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Financial Planning clients unless otherwise contracted for.

**REPORTS:** Financial Planning clients will receive a completed financial plan. Additional reports will not typically be provided unless otherwise contracted for.

## **CONSULTING SERVICES**

**REVIEWS:** While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Consulting Services clients unless otherwise contracted for. Such reviews will be conducted by the client's account representative.

**REPORTS:** These client accounts will receive reports as contracted for at the inception of the advisory engagement.

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

It is AMS's policy not to engage solicitors or to pay related or non-related persons for referring potential clients to our firm.

It is AMS'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 at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period. 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 physical custody of client funds or securities.

## **Item 16 Investment Discretion**

Clients 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

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

## **Item 17 Voting Client Securities**

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We may provide clients with consulting assistance regarding proxy issues if they contact us with questions at our principal place of business.

## **Item 18 Financial Information**

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

As an advisory firm that maintains discretionary authority for client accounts, we are required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. AMS has no such financial circumstances to report. AMS has not been the subject of a bankruptcy petition at any time.