

Item 1 – Cover Page

AVL/WealthCare, LLC

9490 Three Rivers Road, Gulfport, MS 39503

228-863-0437

[www.avlwealthcare.com](http://www.avlwealthcare.com)

[www.TheBAMAlliance.com](http://www.TheBAMAlliance.com)

March 16, 2015

This Brochure provides information about the qualifications and business practices of AVL/WealthCare, LLC ["AVL"]. If you have any questions about the contents of this Brochure, please contact us at 228-863-0437. 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.

AVL/WealthCare, LLC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about AVL/WealthCare, LLC 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. The CRD number for AVL is 116519.

## **Item 2 – Material Changes**

This Item of the Brochure will discuss only specific material changes that are made to the Brochure since the last annual update and provide clients with a summary of such changes. The last annual update of our Brochure was March 13, 2014.

We have updated the description of our services to participant-directed retirement plans including a new fee schedule for AVL and BAM Advisor Services. AVL also amended Item 12 disclosure of brokerage practices to indicate that it now also recommends the custodial and brokerage services of TD Ameritrade.

Additionally, please note that we have updated the Assets Under Management information in Item 4 in accordance with the filing of our Annual Updating Amendment.

(Brochure Date: 03/04/2015)

(Date of most recent Annual Updating Amendment: 03/04/2015)

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting James Stokes at 228-863-0437.

### Item 3 -Table of Contents

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

#### **Item 4 – Advisory Business**

AVL/WealthCare, LLC (hereinafter “AVL”) is owned, through the holding company AVL Holdings, LLC, by partners of the accounting firm of Alexander, Van Loon, Sloan, Levens & Favre, PLLC, Lucinda Sloan, Jerry Levens, Gerald Favre, James Stokes. AVL has provided investment advisory services since 1999. As of December 31, 2014, AVL/WealthCare, LLC managed \$110, 549,264 on a discretionary basis, \$0 on a non-discretionary basis and advised on \$15,495,461 of participant-directed retirement plans.

#### **Investment Management Services**

AVL works with a client to determine the client's investment objectives and investment risk profile and will design a written investment policy statement. AVL uses investment and portfolio allocation software to evaluate alternative portfolio designs. AVL evaluates the client's existing investments with respect to the client's investment policy statement. AVL works with new clients to develop a plan to transition from the client's existing portfolio to the portfolio recommended by AVL, keeping in mind the costs associated with that transition including transfer fees charged by the previous custodian and the tax consequences of the liquidation of existing investments.

AVL will then continuously monitor the client's portfolio holdings and the overall asset allocation strategy and hold review meetings with the client as needed or requested by the client regarding the account.

AVL will typically create a portfolio of no-load mutual funds and may use model portfolios if the models match the client's investment policy. AVL will allocate the client's assets among various investments taking into consideration the overall management style selected by the client. AVL primarily recommends portfolios consisting of no-load mutual funds offered by Dimensional Fund Advisors (DFA), though mutual funds from other fund sponsors and other investment products such as Exchange Traded Funds (ETFs) may also be utilized. DFA sponsored mutual funds follow a passive asset class investment philosophy with low holdings turnover.

Client portfolios may include some individual equity securities that AVL will manage. For example, AVL will assist clients to transfer away from concentrated holdings over a period of time in a tax efficient manner.

AVL manages portfolios primarily on a discretionary basis yet frequently reviews portfolio changes with clients prior to implementation. AVL may impose any reasonable restrictions on AVL's discretionary authority, including restrictions on the types of securities in which AVL may invest client's assets and on specific securities that the client may believe to be appropriate. AVL may also manage portfolios on a non-discretionary basis.

As a portion of a client's asset allocation AVL may recommend laddered bond portfolios, which consist of managed accounts of individual bonds, to advisory clients. AVL will request discretionary authority from advisory clients to manage fixed income portfolios, including the discretion to retain a third party fixed income manager. AVL will prepare a separate Fixed Income IPS for any client qualifying for separate fixed income portfolio services. Complete, laddered fixed income portfolios generally require a minimum investment of \$500,000 towards the bond portfolio.

A fixed income securities manager selected by AVL will be provided with the discretionary authority to invest client assets in fixed income securities consistent with the client's Fixed Income IPS. The manager will also monitor the account for changes in credit ratings, security call provisions, and tax loss harvesting opportunities (to the extent that the manager is provided with cost basis information). The manager will obtain AVL's consent prior to the sale of any client securities.

#### Additional Personal Financial Advice

In addition to managing the client's investment portfolio, AVL will consult with clients on various financial areas including income and estate tax planning, business sale structures, college financing planning, retirement planning, insurance analysis, personal cash flow analysis, establishment and design of retirement plans, and trust designs, among other things. These wealth management consultations are available to all investment management clients.

#### **Employee Benefit Retirement Plan Services:**

AVL also provides advisory services to participant-directed retirement plans through third party administration services, which are online bundled service providers offering an opportunity for plan sponsors to provide their participants with daily account access, valuation, and investment education.

AVL will analyze the plan's current investment platform, and assist the plan in creating an investment policy statement defining the types of investments to be offered and the restrictions that may be imposed. AVL will recommend investment options to achieve the plan's objectives, provide participant education meetings, and monitor the performance of the plan's investment vehicles.

AVL will recommend changes in the plan's investment vehicles as may be appropriate from time to time. AVL generally will review the plan's investment vehicles and investment policy as necessary.

For certain retirement plans, AVL also works in coordination and support with BAM Advisor Services, LLC ("BAM"). Retirement plan clients will engage both AVL and BAM. BAM will provide to the client additional discretionary investment management services and will exercise discretionary authority to select the plan investments made available to the plans' participants by selecting and maintain the plans' investments according to the goals and investment objectives of the plan.

AVL will continue to work with plans to monitor plan investments, provide fiduciary plan advice including regular considerations of the goals and objectives of the plan, and provide participant education services to the plan.

### **Financial Planning/Consulting**

AVL also provides limited financial planning or consulting engagements to review all or a portion of a client's financial picture. AVL will review any of the following areas for clients:

**PERSONAL:** Family records, budgeting, personal liability, estate information and financial goals.

**TAX AND CASH FLOW:** Income tax and spending analysis and planning for past, current and future years. AVL will illustrate the impact of various investments on a client's current and future income tax liability.

**DEATH AND DISABILITY:** Cash needs at death, income needs of surviving dependents, estate planning and disability income analysis.

**RETIREMENT:** Analysis of current strategies and investment plans to help the client achieve his or her retirement goals.

**INVESTMENTS:** Analysis of investment alternatives and their impact on a client's portfolio.

**RISK MANAGEMENT AND INSURANCE:** Analysis of current and potential risks and development of alternatives for management of them.

AVL will gather information from clients through questionnaires or personal interviews, as appropriate. Information gathered includes a client's current financial status, future goals and attitudes towards risk. Related documents supplied by the client are reviewed, and AVL will provide recommendations to clients orally or in writing.

While AVL will provide financial planning and consulting services on an hourly or fixed fee basis, AVL's services to Investment Management clients includes advice to clients in each of these areas, as appropriate to a client's needs and interests. Consultation services to Investment Management clients are generally informal, but may include formal written analysis or calculations if necessary.

## **Item 5 – Fees and Compensation**

### **Advisory Fees**

#### **Investment Management Services**

The annual fee for investment management services will be charged as a percentage of assets under management, according to the schedule below:

<b>Assets Under Management</b>	<b>Annual Fee (%)</b>
On the first \$500,000	1.25%
On the next \$500,000	0.90%
On the next \$1,000,000	0.70%
On the next \$1,000,000	0.50%
On the next \$2,000,000	0.40%
On all amounts thereafter	0.35%

The above is a blended fee schedule in which the different fee percentages apply to each range of assets separately. For example, a client with \$1,000,000 of managed assets will pay 1.25% on the first \$500,000 of managed assets and 0.90% on the second \$500,000 for an effective total rate of 1.075%.

All accounts for members of the client's family (husband, wife and children) or related businesses may be assessed fees based on the total balance of all accounts.

Clients will be invoiced in advance at the beginning of each calendar quarter based upon the value (market value based on independent third party sources or fair market value in the absence of market value; client account balances on which AVL calculates fees may vary

from account custodial statements based on independent asset valuations and other accounting variances, including mechanisms for including accrued interest in account statements), of the client's account at the end of the previous quarter.

New accounts are charged a prorated fee for the remainder of the quarter in which the account is incepted (date of first trade), and terminated accounts receive a refund of any unearned fees on a prorated basis.

### **Employee Benefit Retirement Plan Services:**

The annual fee for plan services will be charged as a percentage of assets within the plan.

<b>Assets Under Management</b>	<b>BAM's Annual Fee</b>	<b>AVL Annual Fee</b>	<b>Total Fee</b>
On the first \$1,000,000	0.20%	0.70%	0.90%
On the next \$4,000,000	0.15%	0.45%	0.60%
On the next \$5,000,000	0.075%	0.25%	0.325%
On all amounts above \$10,000,000	0.05%	0.15%	0.20%

### **Financial Planning/Consulting**

Financial planning and consulting fees will be charged in one of two ways:

1. As a fixed fee, typically ranging from \$1,500 - \$8,500, depending on the nature and complexity of each client's circumstances. Up to 50% of this fee may be due upon signing the agreement, with the balance due upon presentation of the plan to the client.
2. On an hourly basis, typically ranging from \$50 - \$200 per hour, depending on the nature and complexity of each client's circumstances, as well as the individual conducting the work. Investment professionals of AVL charge \$200 per hour for investment advice, and administrative services begin at \$50 per hour. An estimate for total hours may be determined at the start of the relationship and up to 50% of the estimated fee may be due upon signing of the engagement agreement, with the balance, based on actual hours, due upon presentation of the plan to the client.

### **Additional Information**

In certain circumstances, all fees, account minimums and their applications to family circumstances may be negotiable.



Prior to February of 2013 AVL followed separate fee schedules, which remain in effect with clients who signed agreements with AVL during such period and who have not agreed to an amended advisory fee schedule.

AVL has contracted with BAM Advisor Services, LLC (BAM), for services including trade processing, collection of management fees, record maintenance, report preparation, marketing assistance, and research. AVL has also contracted with BAM for sub-advisory services with respect to clients' fixed income accounts. AVL pays a fee for BAM services based on management fees paid to AVL on accounts which use BAM Advisor Services. The fee paid by AVL to BAM consists of a portion of the fee paid by clients to AVL and varies based on the total client assets participating in BAM Advisor Services through AVL. These fees are not separately charged to advisory clients.

A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. Upon termination of any account at any time after the required 30-day notice, any prepaid, unearned fees will be promptly refunded.

AVL will request authority from the client to receive quarterly payments directly from the client's account held by an independent custodian. Clients may provide written limited authorization to AVL or its designated service provider, BAM, to withdraw fees from the account. AVL will send to the client an invoice showing the amount of the fee, the value of the client's assets on which the fee was based, and the specific manner in which the fee was calculated. Clients should verify the accuracy of the fee calculations in such invoices. Client custodians will send at least quarterly statements directly to the client. Custodial statements will only show the amount of the advisory fee.

AVL's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. These fees will generally include a management fee and other fund expenses. All fees paid to AVL for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and ETFs to their shareholders. Such charges, fees and commissions are exclusive of and in addition to AVL's fee, and AVL shall not receive any portion of these commissions, fees, and costs. Item 12 further describes the factors that AVL considers in recommending broker-

dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

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

AVL does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client). All fees are calculated as described above and are not charged on the basis of income or capital gains or capital appreciation of the funds or any portion of the funds of an advisory client.

## **Item 7 – Types of Clients**

AVL/WealthCare, LLC manages investment portfolios for individuals, high net worth individuals, qualified and unqualified retirement plans, charitable organizations, foundations, partnerships, limited liability companies and corporations.

AVL's minimum annual fee is \$3,000 per new client relationship.

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

### *Methods of Analysis and Investment Strategy*

AVL's services are based on long-term investment strategies incorporating the principles of Modern Portfolio Theory. AVL's investment approach is firmly rooted in the belief that markets are "efficient" over periods of time and that investors' long-term returns are determined principally by asset allocation decisions, rather than market timing or stock picking. AVL recommends diversified portfolios, principally through the use of passively managed, asset class mutual funds. AVL selects or recommends to clients portfolios of securities, principally broadly-traded, open end mutual funds or conservative fixed income securities to implement this investment strategy.

Although all investments involve risk, AVL's investment advice seeks to limit risk through broad diversification among asset classes and, as appropriate for particular clients the investment directly in conservative fixed income securities to represent the fixed income class. AVL's investment philosophy is designed for investors who desire a buy-and-hold strategy. Frequent trading of securities increases brokerage and other transaction costs that AVL's strategy seeks to minimize.

In the implementation of investment plans, AVL therefore primarily uses mutual funds and, as appropriate, portfolios of conservative fixed income securities. AVL may also utilize Exchange Traded Funds to represent a market sector.

Clients may hold or retain other types of assets as well, and AVL may offer advice regarding those various assets as part of its services. Advice regarding such assets will generally not involve asset management services but may help to more generally assist the client.

AVL's strategies do not utilize securities that we believe would be classified as having any unusual risks, and we do not recommend frequent trading, which can increase brokerage and other costs and taxes.

AVL receives supporting research from BAM Advisor Services and from other consultants, including economists affiliated with Dimensional Fund Advisors ("DFA"). AVL utilizes DFA mutual funds in client portfolios. DFA mutual funds follow a passive asset class investment philosophy with low holdings turnover. DFA provides historical market analysis, risk/return analysis, and continuing education to AVL.

#### *Analysis of a Client's Financial Situation*

In the development of investment plans for clients, including the recommendation of an appropriate asset allocation, AVL relies on an analysis of the client's financial objectives, current and estimated future resources, and tolerance for risk. To derive a recommended asset allocation, AVL may use a Monte Carlo simulation, a standard statistical approach for dealing with uncertainty. As with any other methods used to make projections into the future, there are several risks associated with this method, which may result in the client not being able to achieve their financial goals. They include:

- The risk that expected future cash flows will not match those used in the analysis
- The risk that future rates of return will fall short of the estimates used in the simulation
- The risk that inflation will exceed the estimates used in the simulation
- For taxable clients, the risk that tax rates will be higher than was assumed in the analysis

#### *Risk of Loss*

Investing in securities involves risk of loss that clients should be prepared to bear.

All investments present the risk of loss of principal – the risk that the value of securities (mutual funds, ETFs and individual bonds), when sold or otherwise disposed of, may be

less than the price paid for the securities. Even when the value of the securities when sold is greater than the price paid, there is the risk that the appreciation will be less than inflation. In other words, the purchasing power of the proceeds may be less than the purchasing power of the original investment.

The mutual funds and ETFs utilized by AVL may include funds invested in domestic and international equities, including real estate investment trusts (REITs), corporate and government fixed income securities and commodities. Equity securities may include large capitalization, medium capitalization and small capitalization stocks. Mutual funds and ETF shares invested in fixed income securities are subject to the same interest rate, inflation and credit risks associated with the underlying bond holdings.

Among the riskiest mutual funds used in AVL's investment strategies funds are the U.S. and International small capitalization and small capitalization value funds, emerging markets funds, and commodity futures funds. Conservative fixed income securities have lower risk of loss of principal, but most bonds (with the exception of Treasury Inflation Protected Securities or TIPS) present the risk of loss of purchasing power through lower expected return. This risk is greatest for longer-term bonds.

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

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of AVL or the integrity of AVL's management. AVL has no information applicable to this Item.

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

AVL is affiliated with the accounting firm of Alexander, Van Loon, Sloan, Levens & Favre, PLLC, with professionals licensed in the State of Mississippi as practicing Certified Public Accountants. The investment professionals of AVL are partners or employees of the accounting firm.

The owners of AVL are also Member/owners of Three Rivers Properties, LLC and Vardaman Properties, LLC, which are entities created solely to own the properties in which AVL and Alexander, Van Loon, Sloan, Levens & Favre, PLLC operate. No advisory client will be solicited to invest in these entities.

Cindy Sloan, a Member of AVL Holdings, LLC, became a Board Member of the Bank of Wiggins, Wiggins, MS, in February, 2006. Jerry Levens, also a Board Member of AVL Holdings, LLC, is also a Director of Hancock Holding Co. since January 2009. To the extent

these positions may cause a conflict of interest, AVL may restrict or limit its ability to purchase products or utilize services from these institutions. Nevertheless, clients may make independent decisions to utilize these institutions.

#### BAM Advisor Services, LLC

As described above in Item 4, AVL may exercise discretionary authority provided by a client to select an independent third party investment manager for the management of portfolios of individual fixed income securities. AVL selects BAM Advisor Services, LLC for such fixed income management. AVL also contracts with BAM Advisor Services, LLC for back office services and assistance with portfolio modeling. AVL has a fiduciary duty to select qualified and appropriate managers in the client's best interest, and believes that BAM Advisor Services, LLC effectively provides both the back office services that assist with its overall investment advisory practice and fixed income portfolio management services. The management of AVL continuously makes this assessment. While AVL has a contract with BAM Advisor Services, LLC governing a time period for back office services, AVL has no such fixed commitment to the selection of BAM Advisor Services, LLC for fixed income management services and may select another investment manager for clients upon reasonable notice to BAM Advisor Services, LLC.

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

AVL has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. AVL's Code of Ethics describes the firm's fiduciary duties and responsibilities to clients and sets forth AVL's practice of supervising the personal securities transactions of employees with access to client information. Individuals associated with AVL may buy or sell securities for their personal accounts identical to or different from those recommended to clients. It is the expressed policy of AVL that no person employed by the firm shall prefer his or her own interest to that of an advisory client or make personal investment decisions based on investment decisions of advisory clients.

To supervise compliance with its Code of Ethics, AVL requires that anyone associated with this advisory practice with access to advisory recommendations provide annual securities holding reports and quarterly transaction reports to the firm's principal. AVL also requires such access persons to receive approval from the Chief Compliance Officer prior to investing in any IPO's or private placements (limited offerings).

AVL's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information and protecting the confidentiality of client information. AVL requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. Any individual not in observance of the above may be subject to discipline.

AVL will provide a complete copy of its Code of Ethics to any client or prospective client upon request.

## **Item 12 – Brokerage Practices**

AVL arranges for the execution of securities transactions with the assistance of BAM Advisor Services, LLC. Through BAM, AVL participates in the Schwab Advisor Services (SAS) program offered to independent investment advisors by Charles Schwab & Company, Inc., the Fidelity Institutional Wealth Services (FIWS) program, sponsored by Fidelity Brokerage Services, Inc., and the TD Ameritrade Institutional (“TDA”) services program offered to independent investment advisors by TD Ameritrade Institutional, a division of TD Ameritrade, Inc. (“TD Ameritrade”), member FINRA/SIPC. Schwab, Fidelity and TD Ameritrade are FINRA member broker dealers.

With respect to retirement plans, 529 plans and after-tax annuities, AVL participates in the TIAA-CREF Financial Advisor Program offered to fee-only advisors. AVL may also recommend after-tax annuities from Jefferson National Life Insurance Company and the Peoples Benefit Life Insurance Company, a division of Aria Retirement Solutions.

The Schwab, Fidelity and TD Ameritrade brokerage programs will generally be recommended to advisory clients for the execution of mutual fund and equity securities transactions. AVL regularly reviews these programs to ensure that its recommendations are consistent with its fiduciary duty. These trading platforms are essential to AVL's service arrangements and capabilities, and AVL may not accept clients who direct the use of other brokers. As part of these programs, AVL receives benefits that it would not receive if it did not offer investment advice (See the disclosure under Item 14 of this Brochure).

As AVL will not request the discretionary authority to determine the broker dealer to be used or the commission rates to be paid in these situations, clients must direct AVL as to the broker dealer to be used. In directing the use of a particular broker or dealer, it should be understood that AVL will not have authority to negotiate commissions among various brokers or obtain volume discounts, and best execution may not be achieved. Not all investment advisors require clients to direct the use of specific brokers.

For fixed income portfolios and transactions, clients provide discretionary authority to select broker dealers to a fixed income manager retained by AVL on client's behalf by designating the portfolio manager with trading authority over client's brokerage account. Clients will be provided with the Disclosure Brochure (Form ADV Part 2) of portfolio manager.

SAS and FIWS do not generally charge clients a custody fee and are compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through the broker or that settle into the clients' accounts at the brokers. Trading client accounts through other brokers may result in fees (including mark-ups and mark-downs) being charged by the custodial broker and an additional broker. While AVL will not arrange transactions through other brokers, the authority of the fixed income portfolio manager includes the ability to trade client fixed income assets through other brokers.

AVL does not have any arrangements to compensate any broker dealer for client referrals.

AVL generally does not aggregate any client transactions in mutual fund or other securities. Client accounts are individually reviewed and managed, and transaction costs are not saved by aggregating orders in almost all circumstances in which AVL arranges transactions. BAM Advisor Services, LLC, in the management of fixed income portfolios, will aggregate certain transactions among client accounts that it manages, in which case AVL client's orders may be aggregated with an order for another client of BAM Advisor Services, LLC who is not an AVL client. For clients receiving this service, a further description is provided in BAM Advisor Services, LLC's Form ADV Part 2.

When trading client accounts, errors may periodically occur. AVL does not maintain any client trade error gains. AVL makes client whole with respect to any trade error losses incurred by client and caused by AVL.

#### **Employee Benefit Plan Services:**

AVL does not arrange for the execution of securities transactions for participant directed plans utilizing Employee Benefit Retirement Plan Services and Advisors Access. Transactions are executed directly through employee plan participation.

### **Item 13 – Review of Accounts**

**Reviews:** While the underlying securities within Investment Management accounts will be continuously monitored, these accounts will be formally reviewed at least quarterly by AVL. The review process will include assessing client goals and objectives, evaluating the

employed strategy, and addressing the need to rebalance the portfolio. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, an imbalance in a portfolio asset allocation, or the market, political or economic environment.

Pension and Profit Sharing Plan accounts for participant-directed plans will be reviewed as necessary and according to the standards and situations described for Investment Management Service accounts above.

Financial Planning/Consulting accounts will be reviewed as contracted for at the inception of the advisory relationship, while the process progresses and at the conclusion of the engagement.

**Reports:** In addition to the statements and confirmations of transactions clients receive from their account custodian, AVL will provide quarterly reports to clients receiving investment management services consisting of a valuation, portfolio breakdown by asset class, cost basis and performance for the quarter.

Plan sponsors are provided with quarterly information and annual performance reviews from AVL. In addition, plan participant education information may also be provided to the Plan Sponsor or Administrator for distribution to the participants of the plan.

AVL will provide no regular reports for Financial Planning/Consulting clients. These clients receive such reports as specifically contracted for or as necessary to document recommendations and a plan.

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

As indicated under the disclosure for Item 12.B, above, AVL utilizes the services of SAS, FIWS, TDA, TIAA-CREF, Jefferson National Life Insurance Company and Aria Retirement Solutions. Through these services, AVL receives real-time client account information, electronic download of transactions, balances and positions, and the ability to directly debit client fees. AVL also receives software and services, including reductions in conference and seminar fees, from these service providers, in particular SAS, FIWS and TDA.

SAS, FIWS and TDA each respectively provide AVL with access to service not available to retail investors. These services generally are available to independent investment advisors on an unsolicited basis at no charge to the advisors.

These services benefit AVL but may not benefit its clients' accounts. Many of the products and services assist AVL in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade



confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of AVL's fees from its clients' accounts, and assist with back-office functions, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of AVL's accounts. Recommended brokers also make available to AVL other services intended to help AVL manage and further develop its business enterprise. These services include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. AVL does not, however, enter into any commitments with the brokers for transaction levels in exchange for any services or products from brokers. While as a fiduciary, AVL endeavors to act in its clients' best interests, AVL's requirement that clients maintain their assets in accounts at Schwab, Fidelity or TD Ameritrade may be based in part on the benefit to AVL of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by the brokers.

AVL also receives software from DFA, which AVL utilizes in forming asset allocation strategies and producing performance reports.

### **Item 15 – Custody**

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. AVL urges clients to carefully review such statements and compare such official custodial records to the account statements that AVL may provide to clients. AVL statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

### **Item 16 – Investment Discretion**

AVL usually receives, pursuant to an investment advisory contract, discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. For fixed income securities, this authority will include the discretion to retain a third party money manager for fixed income accounts. Any limitations on this discretionary authority shall be provided in writing. Clients may change/amend these limitations as required. Such amendments shall be submitted in writing.

When selecting securities and determining amounts, AVL observes the investment policies, limitations and restrictions of the clients for which it advises. Investment guidelines and restrictions must be provided to AVL in writing.

### **Item 17 – Voting Client Securities**

**Proxy Voting:** As a matter of firm policy and practice, AVL does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Clients will receive applicable proxies directly from the issuer of securities held in clients' investment portfolios. AVL may provide advice to clients regarding the clients' voting of proxies.

**Class Actions, Bankruptcies and Other Legal Proceedings:** Clients should note that AVL will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held or previously were held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct AVL to transmit copies of class action notices to the client or a third party. Upon such direction, AVL will make commercially reasonable efforts to forward such notices in a timely manner.

### **Item 18 – Financial Information**

Registered investment advisors are required in this Item to provide clients with certain financial information or disclosures about an advisor's financial condition. AVL has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.