

**Item 1 – Cover Page**

***Andrews Advisory Associates, LLC***

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March 15, 2015

This Brochure provides information about the qualifications and business practices of Andrews Advisory Associates, LLC. If you have any questions about the contents of this Brochure, please contact us by phone at 808-521-4015, or by email at [AAA@AndrewsLLC.com](mailto:AAA@AndrewsLLC.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.

Andrews Advisory Associates, LLC is registered with the Securities and Exchange Commission (“SEC”) as an 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 clients with information about which they can decide to hire or retain an Adviser. Additional information about Andrews Advisory Associates, LLC is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s website also provides information about any persons affiliated with Andrews Advisory Associates, LLC who are registered, or are required to be registered, as Investment Adviser Representatives of Andrews Advisory Associates, LLC.

This disclosure document does not constitute any understanding or Agreement with our firm. Only those who review, complete and sign a written Investment Advisory / Investment Management Agreement with our firm are considered “**Clients.**” The Agreement applies only to included assets within the account(s) specified on the Agreement for the Client.

**Item 2 – Material Changes**

The last update to our Form ADV Part 2A Brochure was dated March 10, 2014.

- A. Beginning January 1, 2015, Andrews Advisory Associates, LLC offers comprehensive financial planning services exclusively to clients who have an existing agreement for investment management or investment advisory services with our firm based on their Assets Under Management (AUM), their children or other family members, and/or their employees. Financial Planning Services are offered under separate Agreement.
- B. Investment Adviser Representatives Les Andrews, CFP® and Christina M. Cotten, CFP® do not sell any commission-based securities or insurance products, and no longer maintain any securities or insurance sales licenses. Christina M. Cotten, CFP® voluntarily revoked her life/health insurance licensing with the State of Hawaii as of June 16, 2014. This was the last sales license held by any member of our firm.
- C. As of July 15, 2014, Andrews Advisory Associates, LLC has trademarked the term **Dividend Boosters Discipline®** to apply to our method of investing individual stock portfolios.
- D. In the March 15, 2015 ADV Part 2A brochure filing, we removed the language “Clients’ fee schedules are included in their Agreements and are subject to change upon 60 (sixty) days’ notice” from the ADV Part 2A brochure and all of our Agreements.

Pursuant to SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary. We will provide you with a new Brochure as necessary based on changes or new information, at any time, without charge. Our Brochure may be requested by calling our office at 808-521-4015 or by e-mailing us at [AAA@AndrewsLLC.com](mailto:AAA@AndrewsLLC.com).

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### Item 4 – Advisory Business

- A. **Andrews Advisory Associates, LLC (“AAA” or “Advisor”)** offers non-discretionary investment advisory services, discretionary investment management and non-discretionary and discretionary retirement plan services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities. We also offer Comprehensive Financial Planning Services to our existing clients. Our customized *Keep It Simple Strategy*® centers on diversification through asset allocation, dollar-cost averaging and periodic rebalancing. Our investment philosophy does not involve market timing or speculative financial instruments. We do not recommend margin accounts, selling short, options, futures, derivatives, leveraged or inverse exchange-traded funds (ETFs) or exchange-traded notes (ETNs), penny stocks, arbitrage, or illiquid instruments.
- B. The sole owner and principal Investment Adviser Representative (IAR) of the firm is Les Andrews, CFP®.
- C. Investment Adviser Representatives Les Andrews, CFP® and Christina M. Cotten, CFP® are both **CERTIFIED FINANCIAL PLANNER™ Professionals** who have fulfilled the certification and renewal requirements of the CFP Board. They have completed a comprehensive program of study at a college or

university approved by the CFP Board, have several years of professional experience related to financial planning, and have passed a comprehensive CFP® certification exam covering financial planning, tax, retirement and estate planning, investment management and insurance. They are members of the CFP Board and of the Financial Planning Association (FPA®) and of the local chapter, FPA of Hawaii.

- D. AAA will not assign any advisory contract to any outside parties without the written consent of the client.
- E. AAA provides investment advice based on a detailed analysis of clients' investment goals and objectives (e.g. safety of principal with variable income, current income with variable principal, balanced income & growth, diversified growth or maximum capital appreciation) based on information we gather about their tolerance for volatility, investment time horizon and personal financial situation. Once these objectives are established via a comprehensive face-to-face meeting (or series of meetings) designed to gather all relevant facts regarding their circumstances, an Investment Policy Statement and Agreement will be developed by AAA for the client's review and approval.
- F. AAA will provide advice and make investment recommendations based on the client's stated goals, tolerance for volatility & investment time horizon on a non-discretionary or discretionary basis as provided in the Financial Planning / Investment Advisory / Investment Management Agreement ("**Agreement**"). If advisory services are provided on a non-discretionary basis, clients have absolute discretion whether or not to accept any advice or investment recommendations from AAA. If investment management services are provided on a discretionary basis, among other things, clients authorize AAA with the discretion to manage and direct the investment of client assets without prior consultation, including purchase and sale of account assets and all at such time, prices and terms as AAA deems appropriate. The advisory or investment management agreement specifically sets forth the terms governing the services provided by AAA; clients should carefully review the advisory or investment management agreement prior to signing.
- G. Client assets managed by AAA on a discretionary basis total approximately **\$93,778,343**; client assets managed by AAA on a non-discretionary basis total approximately **\$35,424,068** (as of December 31, 2014).

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

- A. The one-time fee for **Financial Planning Services** is charged as a comprehensive financial plan with a flat fee determined in advance by the Advisor and the client.
- B. The annual advisory fee for **Non-Discretionary Investment Advisory Services, Discretionary Investment Management Services** and/or **Retirement Plan Services** will be charged quarterly as a percentage of assets under management based upon the market value of the assets in the account on the last trading day of each previous calendar quarter, (excluding cash and sweep money market balances). The advisory fee will be charged by one of two methods: (1) in arrears based on the portfolio value at the end of the previous billing period (usually the previous quarter end) or (2) in arrears adjusted to reflect all flows (Deposits and Withdrawals) for each day of the previous billing period (usually the previous quarter). The billing method will be specified in the Agreement.

Fee schedules are based on clients' **aggregate Assets Under Management (AUM)**. The account values of "immediate family" members (spouse and children) as well as the account values of retirement or business accounts for which the advisory fee is paid by the employer (as listed in the client Agreement) may be aggregated for the purpose of calculating the advisory fee. The Advisor may, at its discretion, calculate other client relationships based on an aggregate if such calculation is more favorable to the client. ***All fees are negotiable.***

Currently, our fee schedules are as follows:

**Hourly Financial Planning Services (offered exclusively to Investment Management or Investment Advisory clients, their family members, and/or their employees):**

Qualification	Hourly Rate
Investment Adviser Representative	\$200.00
Supervised Clerical Staff	\$50.00

Plus General Excise Tax: State of Hawaii (excluding Oahu) General Excise Tax 4.167%; Oahu General Excise Tax 4.715%; Out of State 0.000%

**Discretionary Investment Management or Non-Discretionary Investment Advisory Services for individuals and corporations, including Qualified Retirement Plans held in Brokerage Custodial Accounts *without* a separate participant Recordkeeper:**

Assets Under Management (AUM)				Mutual Funds <sup>1</sup> ETFs & Stocks <sup>2</sup>		
				Flat Rate from \$0	\$529 Plans Laddered Bonds or	Cash & Sweep money mar
Below			\$500,000	1.00%	0.50%	0.00%
Above	\$500,000	Below	\$1,000,000	0.80%	0.50%	0.00%
Above			\$1,000,000	0.60%	0.50%	0.00%

AUM = Assets Under Management: All included assets, cash and sweep money market balances. Plus General Excise Tax: State of Hawaii (excluding Oahu) General Excise Tax 4.167%; Oahu General Excise Tax 4.715%; Out of State 0.000%

**Fiduciary Investment Management and Non-Fiduciary Investment Advisory Services for Qualified Retirement Plans *with* a separate participant Recordkeeper:**

Assets Under Management (AUM)			Flat Rate from \$0	Fee
Below			\$3,000,000	0.40%
Above	\$3,000,000	Below	\$4,000,000	0.35%
Above	\$4,000,000	Below	\$5,000,000	0.30%
Above	\$5,000,000	Below	\$10,000,000	0.25%
Above	\$10,000,000	Below	\$25,000,000	0.20%
Above	\$25,000,000	Below	\$50,000,000	0.15%
Above			\$50,000,000	0.10%

AUM = Assets Under Management: All included assets, cash and sweep money market balances. Fee includes Hawaii General Excise Tax paid by the Adviser.

Clients may choose to have management fees deducted from the cash / sweep money market balance of their account(s). They may specify an account or accounts from which to deduct the fees, or have the fees deducted *pro-rata* from all accounts. They may also choose to be billed for fees. If fees billed are not paid in a timely manner (as determined by the Agreement) the Advisor may deduct fees from the clients' account(s). After 07/01/2012, Department of Labor fee disclosures apply to ERISA qualified plan fees deducted from participant accounts.

- C. In addition to AAA's management fees, clients may be responsible for Custodial brokerage commissions, transaction fees, third-party 401(k) recordkeeping and custodial fees, third party investment fees and other third parties manager fees, deferred sales charges, 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 - Fund Expense Ratio and distribution fees (12(b)1) - which are disclosed in a fund's prospectus. AAA shall not receive any portion of these commissions, fees, and costs as compensation.

<sup>1</sup> Open End Mutual Funds

<sup>2</sup> Also includes Transaction Fee Open End Mutual Funds, Closed End Mutual Funds and Exchange-Traded Funds with a Transaction Fee paid by the client

- D. AAA bills management fees in arrears, not in advance. The Agreement may be terminated upon **written notice** within five (5) business days of the agreement date without charge. Thereafter, it may be terminated upon receipt of written notice by the Client or Advisor for any reason. Clients will be charged for the number of days in the quarter during which they received services. AAA reserves the right to charge on an hourly basis for any advisory or administrative services rendered after termination of the Agreement. The charge will be the rate for Financial Planning services as stated in the Agreement.
- E. When selecting investments, AAA seeks to minimize or eliminate transaction costs.
- F. AAA is a fee-only investment advisory practice and is not permitted to receive commissions for any transactions.

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

AAA 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 based on a percentage of AUM.

#### **Item 7 – Types of Clients**

AAA offers the following services to individuals, pension and profit sharing plans, trusts, estates, charitable (non-profit) organizations, corporations or other business entities: (A) Financial Planning, (B) Non-Discretionary Investment Advisory (C) Discretionary Investment Management and (D) Investment Advisory Services for Qualified Retirement Plans (discretionary and non-discretionary). Financial Planning services (A) are available exclusively to clients who have an Agreement with our firm to provide Advisory services (B), (C) and (D).

All stated minimums may be waived subject to negotiation, based on AAA's assessment of the client's earning potential, future financial situation, familial or business affiliation with existing clients, a past business relationship with associates of AAA, because of a referral from an existing client or a business colleague, or other reasons deemed prudent by AAA.

- A. **Financial Planning Services.** Our firm prepares comprehensive Financial Plans billed at an hourly rate as described in our fee schedule, Item 5b. Comprehensive Financial Plans are available exclusively for our existing clients; their children or other family members; and/or their employees. "Clients," for the purpose of offering Financing Planning Services, are those who have previously engaged our firm with an Agreement to provide Investment Advisory or Investment Management Services charged as a percentage of Assets Under Management (AUM). Clients engage the Advisor via a separate Agreement for Financial Planning Services, to be billed at an hourly rate as agreed upon in advance by the Client and the Advisor.

We do not provide Financial Planning Services separately to individuals or families who do not already have an Advisory relationship with our firm. Our Financial Planning Services Agreement is for a complete, comprehensive Financial Plan which considers the entire financial situation of the client. If the client is a married couple, both spouses must participate in the Financial Plan. We generally do not charge a separate hourly rate for "piecemeal" financial advice, such as, for example, reviewing and analyzing the client's investments within an employer-sponsored retirement plan not included in the client's Agreement.

Based on comprehensive financial data provided by the client, AAA will create a Financial Plan for the client. There are six steps in the Financial Planning Process, as defined by the CFP Board of Standards:

1. **Gathering Appropriate Data.** Clients will provide the Advisor with comprehensive data pertinent to the financial plan and agree to make available all required documents.
2. **Defining Realistic Goals and Objectives.** Clients will specify financial objectives based on current and projected income, tax levels, investments, assets and risk tolerance.
3. **Design – Determining Shortages & Recommendations.** Based on data provided by the client, the Advisor will construct a Financial Plan. Facts and circumstances of clients' individual situation may render certain aspects of the plan inapplicable.

4. **Presentation – Summarize Observations, Major Problems & Alternative Recommendations.** The Advisor will review the Plan and present an opportunity for the client to request modifications to the Plan. The completed Plan will be limited to the specific areas covered within the Plan.
5. **Determining Implementation Responsibilities.** While not part of this initial Financial Planning Engagement, the Advisor recommends Plan Implementation. Implementation may involve specific investment, insurance, and real estate purchases. Implementation of the Plan may be initiated by the Advisor or by the client.
6. **Updating Responsibilities.** While not part of this initial Financial Planning Agreement, plan updating is Advisor recommended and available. It is the clients' responsibility to determine how often their financial situation should be reviewed and to secure the necessary information to proceed with a review. The Advisor is available to aid in this area.

**The Plan may include some or all of the following:**

1. **Personal Accumulation**
  - A statement of personal assets, liabilities and cash flow
  - Projected hypothetical personal income taxes
  - Goals funding (education expenses, weddings, retirement)
  - Recommendations to improve investment performance and reduce volatility
2. **Personal Conservation**
  - Maintaining current standard of living if disabled
  - Determine adequate survivor income
  - Exploring elimination of unnecessary estate settlement costs
  - Protection from claims and judgments
  - Insurance needs
3. **Closely-Held Business Planning**
  - Continuation and transfer of business to the next generation (family)
  - Succession – disposition (by transfer or sale to key persons, employees, outside parties)
  - Review of Buy-Sell Agreements and funding arrangements
4. **Business Fringe Benefits**
  - Maximizing business fringe benefits for owners, key personnel, employees
  - Assessment of retirement plan suitability, design and administration
  - Evaluation of retirement plan investment policy, performance, strategy
  - Analysis of salary continuation agreements
  - Examination of non-qualified deferred compensation plan and funding

The completed Plan will be limited to the specific areas covered within the Plan. Clients may be billed hourly under a separate Financial Planning Agreement for services performed by investment advisor representatives and support staff of AAA. The hourly fees are detailed in Item 5 (fee schedule) and/or are stipulated in the client's Agreement.

AAA recommends clients review their Plan on an annual basis or following any significant change to their personal circumstances. If the client's situation changes, we will work in conjunction with their counsel, accountants and other professionals to update the plan if engaged by the client to do so.

- B. **Non-Discretionary Investment Advisory Services.** AAA will provide the client with personalized advice on the assets in the client's account(s) as listed and described in the client's Agreement. The Agreement will include the proceeds of assets described in the Agreement and any additions to these assets while the Agreement remains in effect. AAA will provide advisory services on a **non-discretionary** basis, meaning the Advisor has authority to supervise, manage, and direct the investment of assets in the client's Account based on the client's stated investment objectives, including the power and authority to purchase, sell, invest, exchange, convert, and trade the Account assets and to place orders for the purchase and sale of securities **subject to prior consultation** with the client. The minimum AUM is \$250,000.

- C. **Discretionary Investment Management Services.** AAA will provide the client with personalized advice on the assets in the client's account(s) as listed and described in the client's Agreement. The Agreement will include the proceeds of assets described in the Agreement and any additions to these assets while the Agreement remains in effect. AAA will provide advisory services on a **discretionary** basis, meaning the Advisor will have the power, authority and discretion to supervise, manage, and direct the investment of the assets in the Account, including the power and authority to purchase, sell, invest, exchange, convert, and trade the Account assets and to place all orders for the purchase and sale of securities with or through brokers, dealers, or issuers selected by the Advisor, or to otherwise effect transactions with respect to the Account, **without prior consultation** with the client. The minimum AUM is \$250,000.
- D. **Fiduciary and Non-Fiduciary Investment Management for Qualified Retirement Plans with a separate participant Recordkeeper.** AAA provides the following investment advisory services for Employer-Sponsored Qualified Retirement Plans. There is no minimum plan size.

**The *Keep It Simple Strategy*® Solution for Employer-Sponsored Qualified Retirement Plans with a separate Recordkeeper.** The platform utilizes no-load, no-transaction-fee Exchange Traded Funds (ETFs) and mutual funds with no minimum transaction amount, held in a custodial trust account. There are three customized options from which participants may choose:

1. **Discretionary Advisor-Managed Model Portfolios.** The Advisor serves as an **ERISA Section 3(38) Fiduciary Investment Manager** solely responsible for the selection and monitoring of investment choices within five asset allocation model portfolios based on participants' tolerance for volatility. Models are comprised of the same self-directed choices available to participants. The portfolios are named Aggressive, Growth, Balanced, Moderate and Conservative.
2. **Non-Discretionary Participant Self-Directed Choices.** The Advisor also functions as a non-discretionary **ERISA Section 3(21) Fiduciary** by recommending and monitoring a diverse list of investment choices for participants to self-direct. The Client can add or delete choices and approves the final list of investment choices available for participants.
3. **Non-Discretionary Separate Brokerage Account.** For an additional annual administrative cost and separate transaction fees, participants may choose to self-direct a full range of investments in a separate brokerage account with the same custodian that handles the plan platform.

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

AAA's customized *Keep It Simple Strategy*® centers on diversification through asset allocation, dollar-cost averaging and periodic rebalancing to help clients achieve their financial goals. AAA combines traditional financial principles with prudent investment advice and technological tools to create a plan designed to meet clients' individual needs. There are different levels of volatility associated with assets that historically offer different rates of return. Since asset classes, regions, styles and capitalizations respond differently to changing economic trends and to each other, they are combined into a portfolio whose goal is to balance the weakness of one with the strength of another. AAA reminds clients that there are no "risk-free" investments. Generally, when clients assume greater risk, they also create the opportunity for reward. This principle of investing is known as the *risk/reward tradeoff*. There is no guarantee regarding the future performance of any investment, or that clients will meet their stated investment goals. Assets under management are subject to the risk of loss or diminishment in value.

AAA conducts extensive comparisons within each asset class using a wide variety of available investments. We review our recommendations on a regular basis to ensure investments continue to meet our criteria. We may employ dollar-cost averaging and portfolio rebalancing. Clients' taxable portfolios are managed to potentially lower their tax liability. We specialize in asset-allocation based portfolio design, and do not subcontract portfolio or investment management. Our portfolio selection methods include the following types of investments:

- A. **Dividend Booster Discipline® Individual Stock Portfolio.** We create the equity portion of clients' portfolios with no more than 50 carefully screened stocks that have a global footprint and a history of increasing dividends, diversified across major economic sectors.
- B. **Exchange-Traded Funds (ETFs).** We use no-load, no-transaction-fee ETFs with no redemption fee and low expense ratios (when possible) to build the equity portion of clients' portfolios. We focus on ETFs with at least \$100 million in assets and do recommend leveraged or inverse funds.
- C. **Mutual Funds.** We choose from over 9,000 distinct open-ended mutual funds, using no-load, low- or no-transaction-fee (when possible) funds screened based on alpha, beta, expense ratio and turnover ratio as well as management tenure and track record.
- D. **Certificates of Deposit (CDs), Bond Funds, Cash.** The equity portion of clients' portfolios is balanced with income-oriented investments including bond funds and laddered CDs according to the client's tolerance for volatility and personal circumstances.

### 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 clients' evaluation of AAA or the integrity of AAA management. AAA has no information applicable to this Item.

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

AAA is a Registered Investment Adviser with the Securities and Exchange Commission (SEC).

### Item 11 – Code of Ethics

- A. AAA has adopted a Code of Ethics which establishes rules of conduct for its supervised persons. The AAA Code of Ethics is based upon the principle that AAA and its supervised persons owe a fiduciary duty to its clients. Among other things, the Code provides for policies and procedures with respect to the personal securities transactions of supervised persons of AAA who have access to non-public information regarding any client's purchase or sale of securities, prohibits insider trading, and requires all supervised persons to annually certify compliance with the Code. A copy of the Code will be provided to any client or prospective client upon request. Please direct requests to Les Andrews at 808-521-4015 or to [AAA@AndrewsLLC.com](mailto:AAA@AndrewsLLC.com).
- B. Records will be maintained of all securities bought or sold or held by AAA. These holdings and transactions are reviewed on a regular basis by the Chief Compliance Officer. AAA requires its personnel to comply with the Insider Trading and Securities Fraud Enforcement Act of 1988. The AAA Code of Ethics requires that the personal investment activities of AAA supervised persons be subject to the following principles: (1) The interests of client accounts will be at all times placed first; (2) All personal securities transactions will be conducted in such a manner as to avoid any actual or potential conflict of interest or any abuse of an individual's position of trust and responsibility; and (3) Access persons must not take inappropriate advantage of their positions.
- C. AAA has adopted a firm-wide policy statement outlining policies and procedures to protect against insider trading. This statement has been distributed to all associated persons and other employees of AAA and has been signed and dated by each person. The policy statement includes provisions relating to (1) restricting access to files; (2) providing continuing education; (3) restricted monitored trading on all securities which AAA employees may have non-public information; and (4) monitoring securities trading of the firm, its employees and associates.



## Item 12 – Brokerage Practices

AAA does not maintain custody of any client assets. Clients who are individuals and/or corporations must establish independent account(s) via a separate custodial agreement directly with a "qualified custodian," generally a broker-dealer or bank. We do not open any accounts for clients; however, we do assist with the process. To maintain an Investment Advisory or Investment Management agreement with AAA, clients are required to choose between two registered broker-dealers, Schwab Advisor Services, Division of Charles Schwab & Co., Inc., Member SIPC ("CSF") or TD AMERITRADE Institutional, a Division of TD AMERITRADE, Inc., member FINRA/SIPC/NFA ("TDA").

To maintain an Agreement with AAA, clients who are Qualified Retirement Plan Sponsors with a separate participant Recordkeeper are required to open an account with one of the custodians with which AAA has an agreement to provide custodial services.

These will be referred to as "the Custodians." AAA is independently owned and operated, and is not affiliated with the Custodians. The Custodians hold clients' assets in a brokerage account and buy and sell securities when AAA instructs them to, based on AAA's participation in the programs offered by the Custodians to independently registered investment advisers. For QRPs, the Custodians may accept trade instructions from participants via a separate participant Recordkeeper. The Recordkeeper does not maintain custody of QRP assets.

We choose Custodians who will hold Client assets and execute transactions on terms advantageous to our clients. Some factors we consider when recommending Custodians include the following benefits to clients:

1. Combination of transaction execution services and asset custody services. (For clients of AAA, the Custodians generally do not charge a separate fee for custody, but are compensated in some instances by charging commissions or other fees on trades that they execute or that settle in client's accounts.)
2. Quality of execution – capability to execute, clear, and settle trades (buy and sell securities).
3. Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
4. Availability of investment research and technology that assist us in making investment decisions
5. Breadth of available investment products (stocks, bonds, mutual funds, ETFs, etc.) The investment products available through the Custodians include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by retail clients.
6. Quality and timely execution of services along with competitiveness pricing of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices. While the Advisor may not choose a Custodian with the lowest possible cost, the Advisor does research each custodian to ensure the Custodian's services are offered at a fair and reasonable cost. The Custodians generally do not charge separately for custody services but are compensated by charging commissions or other fees on trades that it executes or that settle in clients' accounts.
7. Reputation, financial strength, and stability
8. Prior service to us and other clients

Our relationship with the Custodians also offers the following benefits to our firm and its members:

1. Investment research and market data to assist us in making investment decisions
2. Access to client data, such as cost basis, duplicate trade confirmations and account statements
3. Availability of trade execution, pricing services, back-office support and other services that help us to execute trades in a timely manner.
4. Access to third-party technology such as software or other services that may be offered to us at no cost or at a discounted rate
5. Consulting on technology, compliance, legal and business planning needs
6. Publications and web-based educational seminars
7. Educational conferences and events which may be offered to us at no cost or at a discounted rate

These services are generally provided to our firm by the Custodians at no additional charge to us as long as our clients collectively maintain a certain minimum amount of client assets at each Custodian. If our clients maintain less than the minimum, the Custodian may charge us an additional fee for access to services that benefit our clients and our firm. The Custodians may also arrange for third-party vendors to provide some of the above services to us, and may compensate the third-party vendor for all or part of its fees on our behalf.

Since our clients' collective assets under management are well above each Custodian's minimum, we do not believe that the minimum influences our choice of Custodians for our client's assets. We are able to offer our clients an objective choice between Custodians in whose programs we participate.

### **Item 13 – Review of Accounts**

- A. Financial Planning Services will be provided on a one-time basis with no review unless the client signs an Agreement to receive further services from AAA. We recommend Financial Planning clients review their Plan on an annual basis or upon a significant change in their personal circumstances.
- B. Non-Discretionary Investment Advisory Services and Discretionary Investment Management Services. The Advisor monitors client account holdings on a frequent basis. The Advisor offers to provide periodic face-to-face investment reviews with clients quarterly in writing. Review meetings may be conducted more often if deemed necessary due to changes in the Client's investment objectives or life circumstances.
- C. The Advisor provides the following reports to clients in writing: 1) Quarterly holdings and performance reports; 2) annual cost basis reporting for taxable accounts; and 3) Other such reports or information as the Client may reasonably request. The Custodian, independent of the Advisor, provides confirmation of purchases and sales, and monthly or statements.
- D. Qualified Retirement Plan Advisory Services: Discretionary model portfolios managed by the Adviser within this platform are monitored on a regular basis and rebalanced semi-annually or more often, depending upon market conditions. For non-discretionary participant-directed assets, the Advisor provides general education on retirement topics as requested by the participants and assists with services such as helping participants to access their accounts and request loans and distributions. If the Plan Sponsor arranges the meeting, the Advisor will conduct educational meetings for the participants on an annual basis, or more often if deemed necessary. The Advisor also offers private, one-on-one hour-long consultations to all plan participants on an annual basis. The Recordkeeper, independent of the Advisor, provides quarterly statements to all plan participants along with daily account access and reports via their participant websites.

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

AAA does not compensate, either directly or indirectly, other persons for client referrals.

### **Item 15 – Custody**

We do not maintain custody of clients' account. We do require clients to provide us with a Limited Power of Attorney to place trades, deduct fees directly from Advisory accounts, to request disbursements to be provided directly to the client's address of record, and other actions required to properly execute the client's Agreement. The Custodians maintain actual custody of our clients' accounts. Clients receive monthly or quarterly statements and annual tax reporting from the Custodians. AAA urges clients to carefully review such statements and compare such official custodial records to the account statements that we provide. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. If assets have been previously transferred to the Custodians from an outside custodian, we can provide accurate performance and cost basis reporting only if the clients have provided us accurate cost basis reporting from the previous outside custodian.

**Item 16 – Investment Discretion**

AAA will only provide discretionary investment management services if the client chooses this service in writing on the Agreement. In all cases, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. When selecting securities and determining amounts, AAA observes the investment policies, limitations and restrictions of the clients for which it advises. Investment guidelines and restrictions must be provided to AAA in writing.

**Item 17 – Voting Client Securities**

As a matter of firm policy and practice, AAA 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.

**Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide clients with certain financial information or disclosures about AAA's financial condition. AAA 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.