

**FORM ADV PART 2A  
FIRM BROCHURE**

**Servus Capital Management, LLC**

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8/14/2015

This brochure provides information about the qualifications and business practices of Servus Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at (434) 316-0246 or at [Michael.Amendola@servuscm.com](mailto:Michael.Amendola@servuscm.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 Servus Capital Management is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by using a unique identifying number known as the CRD number. The CRD number for Servus Capital Management is 150195. This brochure also provides information about the qualifications and business practices of Allan K. Malina, the President of Servus Capital Management. The CRD number for Allan K. Malina is 4570812. If you have any questions about the contents of this brochure, please contact us at (434) 316-0246 or [Michael.Amendola@servuscm.com](mailto:Michael.Amendola@servuscm.com).

Servus Capital Management is an Investment Adviser registered with the United States Securities and Exchange Commission. You should be aware that Registration with the United States Securities and Exchange Commission or with any state securities authority does not imply a certain level of skill or training.

**Item 2.        Material Changes Since Last Update to Firm Brochure.**

Since our annual amendment was in March 2015, our firm has changed office locations. Our new address is: 1922 Graves Mill Road, Upper Level, Lynchburg, VA 24502.

**Item 3. Table of Contents**

<i>Item 2. Material Changes.....</i>	<i>Error! Bookmark not defined.</i>
<i>Item 3. Table of Contents .....</i>	<i>Error! Bookmark not defined.</i>
<i>Item 4. Advisory Business.....</i>	<b>1</b>
<i>Fees and Compensation .....</i>	<b>2</b>
<i>Performance-Based Fees and Side-By-Side Management.....</i>	<b>4</b>
<i>Types of Clients.....</i>	<b>5</b>
<i>Methods of Analysis, Investment Strategies and Risk of Loss .....</i>	<b>6</b>
<i>Disciplinary Information.....</i>	<b>7</b>
<i>Other Financial Industry Activities and Affiliations .....</i>	<b>8</b>
<i>Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....</i>	<b>9</b>
<i>Brokerage Practices .....</i>	<b>10</b>
<i>Review of Accounts .....</i>	<b>11</b>
<i>Client Referrals and Other Compensation.....</i>	<b>12</b>
<i>Custody .....</i>	<b>13</b>
<i>Investment Discretion.....</i>	<b>14</b>
<i>Voting Client Securities.....</i>	<b>15</b>
<i>Financial Information.....</i>	<b>16</b>

## **Advisory Business**

### **Item 4**

#### *Introduction*

Servus Capital Management ("SCM") is an SEC- registered investment advisor ("RIA") firm. Its principal place of business is 1149 Vista Park Drive, Suite A, Forest, Virginia 24551.

SCM was incorporated in the State of Virginia on June 5, 2009. It is wholly-owned by our President, Allan K. Malina. The experience, education and background of our President can be found in the accompanying Brochure Supplement document.

#### *Types of Services*

Our firm provides financial planning and portfolio management services to our clients. As we work with our clients to provide financial planning, we endeavor to use a holistic approach that will help our clients meet their goals. A few of the areas we help in are: retirement, education, estate, and insurance planning.

We use a three pronged approach to manage our client's portfolios, as follows:

- Assess the economic environment
- Determine asset class
- Engage price overlay

We design a portfolio according to the client's goals, risk tolerance, comfort level and needs. Once these objectives are met, the appropriate investment vehicles are chosen.

An accurate assessment of the economic environment is important as it provides important information for us to decide the appropriate investment vehicles for the client. Once we determine the best asset classes and investments to use, when appropriate, we then use a price overlay strategy to determine the appropriate entry point.

Besides having a personalized plan, individuals want to make sure their assets are being monitored on a constant basis. We monitor the accounts, but more importantly we regularly monitor the investments in the accounts. As we monitor the economy, we are also working to determine if the investment vehicles we use are still appropriate to help us reach our clients goals.

We undertake to design individual portfolios that will meet the needs of our clients from a planning standpoint, but also from a conscience based approach. We respect that some clients may want a portfolio that takes into consideration their values. As such, we are prepared to help our clients with the design of portfolios that meet planning needs as well as their personal convictions.

#### *Assets Under Management*

As of December 31, 2014, we managed \$165,469,654 in assets. Approximately \$1,793,733 of this is managed on a discretionary basis, while the remaining \$163,675,921 was managed on a non-discretionary basis.

## ***Fees and Compensation***

### **Item 5.**

Our fee structure is outlined below. Each of our clients is subject to the fee schedule below. However, we reserve the right, in our sole discretion, to negotiate a fee different from what is set forth below with any client or prospective client, based upon certain criteria, such as future earnings potential, future anticipated assets to be managed, related accounts, type of account, and negotiations with clients. Multiple accounts from the same investor, family, organization, or otherwise related parties, may be combined for the purposes of calculating the total fee.

<b><u>Assets Under Management</u></b>	<b><u>Annual Percentage Fee</u></b>
Less than \$1million	1.50%
\$1 million but less than \$10 million	1.25%
\$10 million but less than \$25 million	1.00%
\$25 million but less than \$75 million	0.75%
\$75 million and above	Custom Pricing

Being a fee-based financial services firm, we charge a simple asset based fee. However, a broker dealer having custody of the assets may charge a fee for their services. We undertake to negotiate to lower each broker-dealer's fee on behalf of our clients.

We do not charge a minimum account fee, annual fee, inactivity fee or low balance fee. We do not receive commissions from the buying and selling of securities, such as stocks, bonds, mutual funds, etc.

### **FINANCIAL PLANNING SERVICES AND FEES**

In addition to its asset management services, we also provide financial planning services. These financial planning services include the analyses of:

1. Personal financial statements;
2. Budgets and cash flows;
3. Investment strategies and plans;
4. Retirement goals and objectives;
5. Family educational needs;
6. Risk management and insurance needs;
7. Alternative strategies for estate needs; and
8. Professional/business strategies, including Business Retirement Plans, etc.

The engagement of SCM to provide financial planning services is separate and distinct from a Client retaining our services to provide fee-based investment advisory services on an on-going basis.

When providing the financial planning services listed above, we will charge a fee based upon a fixed-fee project basis. Financial planning fees are negotiable, but generally range between \$100 (minimum) to \$10,000+, depending on the complexity and scope of the engagement.

All annual fees are charged on a monthly basis, payable in advance, based upon the fair market value of a client's account on the last business day of the calendar month. The initial monthly fees charged to new

accounts shall be based upon the fair market value of the account on the day it is established and prorated based upon the days remaining in the initial monthly period.

Clients have the option of having our fees deducted from their account on approximately the second business day of the month or if a client prefers, a monthly invoice will be mailed to client, which shall be payable timely by the client. In the event that there is insufficient cash in the client's account, the client may approve the sales of sufficient securities in his/her account to raise sufficient cash to provide for the complete payment of our fees.

Being a fee-based financial services firm, we charge a simple asset based fee for our financial planning services. However, a broker dealer having custody of the assets may charge a fee for their services. We undertake to negotiate to lower each broker-dealer's fee on behalf of our clients. We do not charge a minimum account fee, annual fee, inactivity fee or low balance fee. We do not receive commissions from the buying and selling of investment vehicles, like stocks, bonds, mutual funds or other investment products.

Fees are paid monthly in advance based upon the fair market value of the Client's portfolio on the last business day of previous month.

The Management Fees set forth above do not include, and are separate from, custodial fees charged separately to the client by its Custodian, based fees negotiated and agreed to between the Client and Custodian, or brokerage commissions, which, if any, are included and paid by the Client on an individual basis. Clients may also be subject to other fees and expenses such as prime brokerage charges, interest on margin accounts, borrowing charges on securities sold short, wire transfer and electronic transfer fees, fees and taxes on brokerage accounts and securities transactions and other charges related to account and asset management.

Either SCM or the Client may terminate their advisory agreement at any time by providing the other party with a written notice, which shall become effective ten (10) days after the receipt of the notice. Upon termination, any fees that have been pre-paid for a period beyond the termination date shall be promptly returned. Any unpaid fees due and payable to SCM shall be calculated and charged on a pro-rata basis from the date of the last fee payment period to the effective date of the termination. Clients that terminate their advisory relationship with SCM are responsible for the securities held in their custodial account from the effective date of the termination. Therefore, the disposition of securities held in a former Client's custodial account must be coordinated directly with the Custodian by the former Client.

Neither SCM nor any of our supervised persons accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds to our clients.

Our clients are not required to use SCM to execute or purchase any investment, plan or insurance. They can use any agent or broker dealer to execute any of our recommendations.

***Performance-Based Fees and Side-By-Side Management***

**Item 6**

Neither we nor any of our supervised persons accept performance-based fees, or fees based on a share of capital gains or capital appreciation of assets in a client's account.

## ***Types of Clients***

### **Item 7**

We provide advisory services to the following types of clients:

1. Individuals and High Net Worth Individuals;
2. Non-Profit Organizations; and
3. Corporations and other businesses.

#### **Account minimums**

We do not have account minimum requirements since we believe that money, regardless how much it is, is very important to the person who owns those resources.



## ***Methods of Analysis, Investment Strategies and Risk of Loss***

### **Item 8**

Our initial focus in developing or formulating our investment advise and implementing a client's specific investment policy is developing a macro view of the economy. We analyze the direction of the economy and make investment choices accordingly. Once we develop our top-down analysis of the macro-economy, we then shift our focus to the fundamental analysis of various asset classes and market sectors, and how they have responded and will respond to the current and future economic environment.

This fundamental (or bottom-up) analysis begins with various asset classes and sectors, and then moves to the analysis of specific investment vehicles. We use various metrics to evaluate investment vehicles as well as their correlation to each other and the broader economy. This analysis enables us to determine the best asset mix to mitigate risk and enhance returns.

Once the economic and fundamental analyses are complete and the investment vehicles are chosen, we conduct a technical analysis to determine the appropriate entry and exit strategies for the selected investment vehicles.

During the investment management process, we continue our analysis and track the progress each client is making towards achieving his/her respective investment goals. We then adjust our investment strategy and investment vehicles as needed, thereby helping clients maintain a level of comfort in regard to all aspects of their investment portfolio.

An overriding principal in the conduct of our investment strategy is the implementation of Modern Portfolio Theory, which is based upon the belief that investors are inherently risk averse. Given two investments that offer the same expected return, we will prefer and select for our clients the less risky investment. Therefore, we will assume increased risk in a client's portfolio only if we believe the client is going to be adequately compensated by higher expected returns.

Sometimes losses occur. Depending on the client profile, those losses may be very large or very small. If a client chooses a portfolio that has a high concentration of a security, or high percentage of stocks we communicate to that client the risk due to the exposure. The strategies we employ are not driven by high frequency trades but rather choosing an appropriate asset allocation, thorough diversification and use of money managers or mutual funds. We sometimes will work with a client that has or desires individual securities of their choice, but that is the exception and not the rule. All clients should be aware that investing in securities, regardless of the methods of analysis and strategies used, involves risk of loss that clients should be prepared to bear.

SCM almost exclusively uses mutual funds, money managers or exchange traded funds for our clients to be invested in. There may be instances where a client chooses to retain individual securities due to tax, personal desires or estate issues.

***Disciplinary Information***

**Item 9**

Neither SCM nor any of our supervised persons have been the subject of any legal or disciplinary events that would be material to your evaluation of SCM or the integrity of its management.

## ***Other Financial Industry Activities and Affiliations***

### **Item 10**

Neither SCM nor any of our management persons or principals are registered or have an application pending to register as a broker-dealer, registered representative of a broker-dealer, futures commission merchant, commodity pool operator, as an associated person of the foregoing entities and is not engaged in any other financial activities other than as an investment adviser.

Other than as set forth below, neither SCM nor any of its management persons have affiliations with broker-dealers, municipal securities dealers or government securities dealers, investment companies or other pooled investment vehicles, other investment advisers or financial planners, futures commodity merchant, commodity pool operator or commodity trading advisor, banking or thrift institutions, accountants or accounting firms, lawyers or law firms, insurance agency or company, pension consultant, real estate broker or dealer or sponsor or syndicator of limited partnerships.

#### *Relationship with Charles Schwab and Co., Inc.*

Although SCM does not have an affiliate relationship with Charles E. Schwab and Co., Inc. ("Schwab"), it has established a close business relationship with Schwab. Schwab, the nation's largest discount broker-dealer, has developed and implemented the Schwab Institutional Program, which provides registered investments advisers, such as SCM, with a variety of important services. These services include access to an unlimited number of mutual funds from well known fund families, institutional separate account managers, exchange traded funds, individual securities, and corporate and municipal bonds. Mutual funds offered through Schwab are offered at net asset value. Schwab also provides investment advisers with electronic back office systems for reporting and recordkeeping. Schwab acts as the primary custodian for our clients. Although it is not a material consideration in determining to use and recommend that clients utilize the services of Schwab as broker-dealer/custodian, we receive certain support services and/or products without cost, or at a reduced cost, which assists us to better monitor and service client accounts maintained at Schwab. Included among the support services that may be provided by Schwab as the broker-dealer/custodian, and received by SCM, are investment related research; pricing information and market data; software and other technology that provides access to Client account data; compliance publications and information; attendance at broker-dealer/custodian sponsored conferences, meetings and other educational events; computer hardware and/or software; and other products used by SCM in furtherance of its investment advisory business activities.

Some of the support services provided to SCM by Schwab may also be provided by other custodians used by our clients.

SCM does not recommend or select other investment advisers for our clients.

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

### **Item 11**

We have implemented a Code of Ethics (the "Code"), which is available to clients and potential clients upon request. We place great emphasis on complying with all applicable laws and regulations governing its practices as a registered investment adviser. Therefore, SCM has established firm guidelines in regard to the professional standards of conduct for its employees, which emphasizes the protection of client interests at all times and demonstrates its commitment to its fiduciary duties of honesty, good faith, and fair dealing with clients. All employees are expected to adhere strictly to these guidelines outlined in the Code, which requires employees to submit personal securities transactions and holdings reports to SCM that will be reviewed by a qualified representative of SCM on a periodic basis. Employees are encouraged to report any violations of the Firm's Code to the Firm's Chief Compliance Officer. Additionally, SCM maintains and enforces written policies reasonably designed to prevent the misuse or dissemination of any material non-public information about Clients or their account holdings by the Firm or any employee.

SCM permits its employees to maintain personal securities accounts and to invest in the same securities that are recommended to our clients. These practices create potential conflicts of interest, which may include the ability to take an investment opportunity away from a client for their own portfolio, front-running client transactions in order to benefit from the market effect of clients' transactions, and an incentive not to recommend the sale of securities held by clients in order to protect the value of their personal investment. However, employees are not permitted to buy or sell securities recommended to our clients at or about the same time that such recommendations are made to clients, unless reasonable efforts are made to first disclose such transaction to the client. In the event that a client cannot be contacted prior to the purchase or sale of similar securities, SCM and its employees have the right to enter into the trades that they desire.

Any potential conflicts are addressed through the provisions of our Code, pursuant to which all supervised persons who have access to nonpublic information regarding clients' purchases or sales of securities, makes securities recommendations to clients or has access to recommendations that are nonpublic ("access persons") must periodically report their personal securities transactions and holdings to our Chief Compliance Officer ("CCO"). The CCO is required to periodically review these reports for improper trades by access persons. Access persons must report securities holdings at the time such person becomes an access person and at least once a year thereafter. The holdings reports must be current as of a date not more than forty-five (45) days prior to the individual becoming an access person, in the case of the initial report, or the date the report is submitted, in the case of the annual report. Quarterly reports are required of all personal securities transactions by access persons.

However, transactions effected pursuant to an automatic investment plan and securities held in accounts over which the access person has no direct or indirect influence or control do not need to be reported.

Access persons must submit reports for reportable securities in which the access person has, or acquires, any direct or indirect beneficial ownership. The access person must acquire SCM approval before investing in an initial public offering or a limited offering such as a private placement.

Access persons shall not recommend a transaction involving any security to a client without first disclosing the access person's interest, if any, in such security or the issuer thereof.

## **Brokerage Practices**

### **Item 12**

In selecting broker-dealers to be used, SCM takes into consideration a number of factors, such as the number of investment advisers they have, how conservative their strategies are, their technological platform, ease of use, robustness, as well as their respective personnel.

Although it is not a material consideration in determining to use and recommend that Clients utilize the services of Schwab as broker-dealer/custodian, SCM receives certain support services and/or products without cost, or at a reduced cost, which assists SCM to better monitor and service Client accounts maintained at Schwab. Included among the support services that may be provided by Schwab as the broker-dealer/custodian, and received by SCM, are investment related research; pricing information and market data; software and other technology that provides access to Client account data; compliance publications and information; attendance at broker-dealer/custodian sponsored conferences, meetings and other educational events; computer hardware and/or software; and other products used by SCM in furtherance of its investment advisory business activities.

Some of the support services provided to SCM by Schwab may also be provided by other custodians used by SCM's clients.

Also, occasionally SCM conducts educational events that have sponsors. Those sponsors may be companies that our clients do business with. If a company sponsors an event they are instructed that there is no guarantee of business nor is this for previous business that SCM has done with their organization.

The receipt of these services and products may create an incentive for us to select or recommend a broker-dealer based on our interest in receiving the research or other products or services, rather than on your clients' interest in receiving most favorable execution.

#### **Brokerage for Client Referrals**

In selecting or recommending broker-dealers, SCM does not consider whether it or a related person receives client referrals from such broker-dealer or any third party,

#### **Directed Brokerage**

SCM does not recommend, request or require that clients direct us to execute transactions through a specified broker-dealer. However, SCM advises its clients that if they choose a different broker-dealer than the one we recommend, then there can be additional expense and execution may not be as timely.

#### **Aggregation of Orders**

Although each client's portfolio accounts are individually managed, SCM may purchase or sell the same securities at the same time for multiple clients. When this occurs, it is often advantageous to aggregate the securities of multiple clients into one trading block for execution. Clients whose portfolio securities are purchased or sold in an aggregated transaction will receive the same execution price, and if the aggregated purchase or sale involves several executions to complete the transaction, each client shall receive the average price paid or received on the aggregated transaction.

If, however, an aggregated transaction results in only a partial execution and the equal allocation of the partial execution amongst multiple clients would result in an inefficient trading unit in client portfolios, we reserve the right to allocate the transaction to specific individual clients on an equitable rotational basis so that over time, no client is disadvantaged in the management of its portfolio.

## ***Review of Accounts***

### **Item 13**

#### ***Portfolio and Plan Review***

Besides having a personalized plan, individuals want to make sure their assets are being monitored on a constant basis. Our President monitors the accounts, but more importantly we monitor the investments in the accounts on a monthly, quarterly and yearly basis. As SCM monitors the economy, we are also working to determine if the investment vehicles SCM is using are still appropriate to help us reach our clients goals.

We realize a great deal of work goes into developing a plan to achieve the goals of our clients but we believe the most important aspect is the execution of the plan. We believe that performance is an outgrowth of good planning and exceptional service.

#### ***Meeting with Clients***

Our policy is very simple, determine a review process and then follow it. We allow the client to dictate times, places and frequency of meetings for the purpose of reviewing their respective goals and objectives because we believe availability is a large part of serving our clients.

Sometimes significant events occur within our world, such as natural or manmade disasters, significant swings in the securities markets or various other events that may affect our client portfolios. In times of these significant events, it is our policy to again review the allocation, diversification and investments.

#### ***Reports***

SCM provides client reports on a predetermined basis. Clients receive reports as often as desired.

### ***Client Referrals and Other Compensation***

#### **Item 14**

We receive research (economic, fundamental, technical, portfolio design as well as other types) from research firms and/or broker dealers. SCM clearly communicates (normally verbally or through email) to these organizations that SCM has no requirement to do any business with their organization. Finally, SCM as a policy does not engage in "soft dollar" arraignments.

We may compensate independent third parties for introducing or referring clients to us, although there are no such arrangements currently in place. If such an arrangement is entered into, it is our policy that such arrangement be embodied in a written agreement entered into with other independent firm's or individuals who are properly registered as RIAs or IARs to enable SCM to pay firms or individuals solicitation and referral fees for clients referred to SCM. Generally, the fee paid to such firms or persons shall be 20% of the annual fee paid to SCM by the referred client, although the specific fees paid by SCM are subject to negotiation. The procedures relating to such referrals are as follows:

Procedures. The CCO shall implement procedures, which insure that:

a. Everyone receiving cash payments for client referrals are properly registered under the Investment Advisers Act (or within the jurisdiction in which the client is located).

Please Note: If the referral source is an individual who is not associated with an organization that SCM has a referral agreement, the CCO will insure that the referral source becomes registered with SCM as an IAR. If such person is not properly registered, it is SCM's policy that the Firm is prohibited from making solicitation/referral payments to such individual.

b. A written agreement, which complies with the requirements of Rule 206(4)-3 of the Act, is in place between SCM and the referral source prior to the commencement of any referral activities.

c. SCM provides the referral source with sufficient copies of its most recent "brochure."

d. SCM receives notice in the form of a signed acknowledgement from the client that it has received notice of the solicitation arrangement and SCM's "brochure."

### ***Custody***

#### **Item 15**

We do not have custody of client funds and securities, which are held in accounts maintained by qualified custodians who send account statements for each custodial account managed by us directly to the clients on at least a quarterly basis. We do not send internally generated account statements to clients and, consequently, clients should carefully review the custodial account statements that they receive.



### ***Investment Discretion***

#### **Item 16**

SCM does practice limited discretionary account management. This means that most of our client relationships are managed on a non-discretionary basis. When we do agree to manage an account in a discretionary basis, the following procedure applies:

- We are granted the investment authority to make any and all investment decisions related to the purchase and sale of securities and/or assets held in the client's account; provided, that securities are approved and authorized by the investment policy statement (IPS) established for the account;
- We are not required to obtain approval from the client for each individual investment decision and transaction; however, we are guided by the client's IPS and we cannot deviate from such without the prior approval of the client;
- We are authorized to purchase and sell all securities approved and authorized in the IPS, which may include, but shall not limited to common or preferred stock, convertible stock or bonds, options, warrants, rights, mutual funds, limited partnerships, annuities, corporate, municipal or government bonds, notes or bills, and mortgage backed securities; and
- We do not have full Power-of-Attorney and shall not have authority to withdraw funds or to take custody of client's funds or securities.

### ***Voting Client Securities***

#### **Item 17**

As a matter of policy, we do not vote, and will not accept authority to vote the proxies of securities held in a client's portfolio. As such, each client will receive the proxies from their respective custodians and clients will be solely responsible for voting such proxies. Clients may contact us regarding proxy voting procedures, but we will not provide advice on how such proxies are to be voted.

### ***Financial Information***

#### **Item 18**

SCM does not currently have any financial commitments that might impair our current or future ability to meet our contractual commitments to clients and we have not been the subject of a bankruptcy petition at any time during the past ten years.

4837-6154-7809, v. 6-6154-7809, v. 5