

# Arbor Capital Management, Inc.

## Firm Brochure

*This brochure provides information about the qualifications and business practices of Arbor Capital Management, Inc. If you have any questions about the contents of this brochure, please contact us at (907) 222-7581 or by email at: MKOLESKY@ACMINC.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 Arbor Capital Management, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Arbor Capital Management, Inc.'s CRD number is: 111362*

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*Registration does not imply a certain level of skill or training.*

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## **Item 2: Material Changes**

There have been no material changes to our company or this document since its last annual update.

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## Item 4: Advisory Business

### A. Description of the Advisory Firm

This firm has been in business since November of 1997, and the principal owners are Matthew Blair Kolesky and Ty Schommer.

### B. Types of Advisory Services

Arbor Capital Management, Inc. (hereinafter “ACM”) offers the following services to advisory clients:

#### *Investment Supervisory Services*

ACM offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. ACM creates an Investment Policy Statement for each client, which outlines the client’s current situation (income, tax levels, and risk tolerance levels) and then constructs a plan (the Investment Policy Statement) to aid in the selection of a portfolio that matches each client’s specific situation. Investment Supervisory Services include, but are not limited to, the following:

- |                       |                                |
|-----------------------|--------------------------------|
| • Investment strategy | • Personal investment policy   |
| • Asset allocation    | • Asset selection              |
| • Risk tolerance      | • Regular portfolio monitoring |

ACM evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. ACM will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

#### *Services Limited to Specific Types of Investments*

ACM limits its money management to mutual funds, equities, bonds, fixed income, debt securities, ETFs, real estate, third party money managers, REITs, and government securities. ACM may use other securities as well to help diversify a portfolio when applicable.

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

ACM offers the same suite of services to all of its clients. However, specific client financial plans and their implementation are dependent upon the client Investment Policy Statement, or substantially similar materials, which outlines each client's current situation (income, tax levels, and risk tolerance levels) and is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent ACM from properly servicing the client account, or if the restrictions would require ACM to deviate from its standard suite of services, ACM reserves the right to end the relationship.

## **E. Amounts Under Management**

ACM has the following assets under management:

<b>Discretionary Amounts:</b>	<b>Non-discretionary Amounts:</b>	<b>Date Calculated:</b>
\$122,000,000	\$5,000,000	03/10/2017

## Item 5: Fees and Compensation

### A. Fee Schedule

#### *Investment Supervisory Services Fees*

Equities		Equity ETFs & Mutual Funds		Fixed Income/Cash	
Amount	Annual Fee	Amount	Annual Fee	Amount	Annual Fee
First \$250,000	1.750%	All	1.000%	All	0.500%
Next \$250,000	1.500%				
Next \$500,000	1.375%				
Next \$1,000,000	1.250%				
Next \$3,000,000	1.125%				
Remainder	1.00%				

These fees are negotiable and the final fee schedule is attached as Exhibit II of the Investment Advisory Contract. Fees are paid quarterly in advance, and clients may terminate their contracts with ten days' written notice. Refunds are given on a prorated basis, based on the number of days remaining in a quarter at the point of termination. Clients may terminate their contracts without penalty, for full refund, within 5 business days of signing the advisory contract. Advisory fees are withdrawn directly from the client's accounts with client written authorization.

### B. Payment of Fees

#### *Payment of Investment Supervisory Fees*

Advisory fees are withdrawn directly from the client's accounts with client written authorization. Fees are paid quarterly in advance.

Advisory fees may be invoiced and billed directly to the client with payments due within thirty days of quarter end. Clients may select the method in which they are billed.

### **C. Clients Are Responsible For Third Party Fees**

Clients are responsible for the payment of all third party fees (i.e. custodian fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by ACM. Please see Item 12 of this brochure regarding broker/custodian.

### **D. Prepayment of Fees**

ACM collects fees in advance and in arrears. Fees that are collected in advance will be refunded based on the prorated amount of work completed at the point of termination and the total days during the billing period. Fees will be deposited back into client's account within fourteen days.

### **E. Outside Compensation For the Sale of Securities to Clients**

Neither ACM nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or services fees from the sale of mutual funds.

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

ACM does not charge fees that are based upon a share of capital gains or capital appreciation of client assets. We provide investment advisory services to other clients in addition to you. Not all clients receive the same investment advice, nor do they pay the same fee. We will act in the best interests of each of our clients at all times.

## **Item 7: Types of Clients**

ACM generally provides management supervisory services to the following Types of Clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Pension and Profit Sharing Plans
- ❖ Trusts, Estates, or Charitable Organizations
- ❖ Corporations or Business Entities

### ***Minimum Account Size***

We do not currently impose a minimum account size on new or existing client accounts.

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

### A. Methods of Analysis and Investment Strategies

#### *Methods of Analysis*

ACM's methods of analysis include fundamental analysis, technical analysis, and cyclical analysis.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

**Technical analysis** involves the analysis of past market data; primarily price and volume.

**Cyclical analysis** involved the analysis of business cycles to find favorable conditions for buying and/or selling a security.

#### *Investment Strategies*

ACM uses long term trading, short term trading, margin transactions, and options writing (including covered options, uncovered options, or spreading strategies).

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### B. Material Risks Involved

#### *Methods of Analysis*

**Fundamental analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

**Technical analysis** attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not work long term.

**Cyclical analysis** assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold: 1) the markets do not always repeat cyclical patterns and 2) if too many investors begin to implement this strategy, it changes the very cycles they are trying to take advantage of.

#### *Investment Strategies*



Long term trading is designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Short term trading, margin transactions and options writing generally hold greater risk and clients should be aware that there is a chance of material risk of loss using any of those strategies.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### **C. Risks of Specific Securities Utilized**

ACM generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets. However, it will utilize margin transactions and options writing. Margin transactions and options writing generally hold greater risk of capital loss and clients should be aware that there is a chance of material risk of loss using any of those strategies.

**Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **Item 9: Disciplinary Information**

In 2011 we failed to update our disclosure materials to reflect changes in the company's ownership structure. The inaccurate disclosure materials were provided to clients and prospective clients. We also failed to renew our company's notice filing and investment advisor representative state registrations. In 2013, we agreed to a Consent Order with the State of Alaska and paid penalties to the state totaling \$7,000.

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither ACM nor its representatives are registered as a broker/dealer or as representatives of a broker/dealer.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither ACM nor its representatives are registered as a FCM, CPO, or CTA.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Neither ACM nor its representatives have any material relationships to this advisory business that would present a possible conflict of interest.

### **D. Selection of Other Advisors or Managers and How This Adviser is Compensated for Those Selections**

ACM does not utilize nor select other advisors or third party managers. All assets are managed by ACM management.

Matthew Kolesky has written a book about soccer in the United States titled *When America Wins the World Cup: Shifting the sports culture*. The book did not and is not expected to consume any of his time during business hours.

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

### **A. Code of Ethics**

We have a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Clients may request a copy of our Code of Ethics from management.

### **B. Recommendations Involving Material Financial Interests**

ACM does not recommend that clients buy or sell any security in which a related person to ACM has a material financial interest.

### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of ACM may buy or sell securities for themselves that they also recommend to clients. ACM will always document any transactions that could be construed as conflicts of interest and will always transact client business before their own when similar securities are being bought or sold.

## **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of ACM may buy or sell securities for themselves at or around the same time as clients. ACM will always act in the best interest of the client. ACM must purchase with client block transaction or be one trading day away from client transaction.

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker/Dealers**

ACM may recommend that clients establish brokerage accounts with the Schwab Advisor Services division of Charles Schwab & Co., Inc. (Schwab), a FINRA registered broker dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although ACM may recommend that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. ACM is independently owned and operated and not affiliated with Schwab. Schwab provides ACM with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Schwab Advisor Services. These services are contingent upon ACM committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

#### ***1. Research and Other Soft-Dollar Benefits***

ACM receives a reduce fee, admissions to Charles Schwab's annual fall "Impact" conferences. ACM receives no other research, product, or service other than execution from a broker-dealer or third-party in connection with client securities transactions ("soft dollar benefits").

#### ***2. Brokerage for Client Referrals***

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

Schwab Advisor Services also makes available to ACM other products and services that benefit ACM but may not directly benefit its clients' accounts. Many of these

products and services may be used to service all or some substantial number of ACM's accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist ACM in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of ACM's fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting. Schwab Advisor Services also offers other services intended to help ACM manage and further develop its business enterprise. These services may include: (i) compliance, legal and business consulting; (ii) publications and conferences on practice management that may include a discount on these services and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers. Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to ACM. Schwab Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to ACM. Schwab Advisor Services may also provide other benefits such as educational events or occasional business entertainment of personnel. In evaluating whether to recommend or require that clients custody their assets at Schwab, ACM may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

### ***3. Clients Directing Which Broker/Dealer/Custodian to Use***

ACM allows clients to direct brokerage. ACM may be unable to achieve most favorable execution of client transactions if clients choose to direct brokerage. This may cost clients money because without the ability to direct brokerage ACM may not be able to aggregate orders to reduce transactions costs resulting in higher brokerage commissions and less favorable prices.

#### **B. Aggregating (Block) Trading for Multiple Client Accounts**

ACM maintains the ability to block trade purchases across accounts. While block trading may benefit clients by purchasing larger blocks in groups, we do not feel that the clients are at a disadvantage due to the best execution practices of our custodian.

## **Item 13: Reviews of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

Client accounts are reviewed at least quarterly by Matthew Blair Kolesky and Ty Schommer. The chief advisors are instructed to review clients' accounts with regards to their investment policies and risk tolerance levels. All accounts at ACM are assigned to these reviewers.

### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

### **C. Content and Frequency of Regular Reports Provided to Clients**

Each client will receive at least quarterly a written report detailing the client's account which may come from the custodian.

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

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

ACM does not receive any economic benefit, directly or indirectly from any third party for advice rendered to ACM clients.

### **B. Compensation to Non -Advisory Personnel for Client Referrals**

ACM has entered into written arrangements where it will pay individuals or entities not associated with us for successful referrals of new clients. The money paid to these other individuals or entities is a percentage of the investment advisory fees that the new client pays us or the value of accounts under our management. Because these non-associated individuals or entities receive payment for successful referrals a conflict of interest exists between prospective clients and the referrer. The compensation arrangement between ACM and the referrer is disclosed to prospective clients before they enter into investment advisory relationships with us.

## **Item 15: Custody**

ACM does not take custody of client accounts at any time. Custody of client's accounts is held primarily at the Custodian. Clients will receive account statements from the custodian and should carefully review those statements. ACM urges clients to compare the account statements they receive from the custodian with those they received from ACM.

### **Item 16: Investment Discretion**

For those client accounts where ACM provides ongoing supervision, ACM maintains limited power of authority over client accounts with respect to securities to be bought and sold and amount of securities to be bought and sold. All buying and selling of securities is explained to clients in detail before an advisory relationship has commenced.

### **Item 17: Voting Client Securities (Proxy Voting)**

ACM will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

### **Item 18: Financial Information**

#### **A. Balance Sheet**

ACM does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

#### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither ACM nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

#### **C. Bankruptcy Petitions in Previous Ten Years**

ACM has not been the subject of a bankruptcy petition in the last ten years.