

**Item 1 – Cover Page**

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March 14, 2017

This Brochure provides information about the qualifications and business practices of Millares Asset Management, LLC (“MAM”). If you have any questions about the contents of this Brochure, please contact us at (305) 662-9649. 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.

MAM 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 MAM 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 MAM is 144620.

## **Item 2 – Material Changes**

This Item of the Brochure discusses only specific material changes that have been made to the Brochure since the last annual update and provides clients with a summary of such changes. The last annual update of our Brochure was March 28, 2016.

Our current Brochure contains no Material Changes.

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: 03/14/2017)

(Date of Most Recent Annual Updating Amendment: 03/14/2017)

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 Daniel Orona, MAM's Chief Compliance Officer at (305) 662-9649.

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## **Item 4 – Advisory Business**

MAM is owned by Maria Millares, Ruben Millares and Javier Millares and has been providing advisory services since 2007.

As of December 31, 2016, MAM managed \$111,200,956 on a discretionary basis and no assets on a nondiscretionary basis.

### **Investment Management Services**

MAM manages investment portfolios for individuals, trusts, charitable organizations, businesses and qualified retirement plans. MAM works with the client to determine the client's investment objectives and investor risk profile and designs a written investment policy statement (“IPS”). MAM uses investment and portfolio allocation software to evaluate alternative portfolio designs. MAM evaluates the client's existing investments with respect to the client's IPS. MAM works with new clients to develop a plan to transition from the client's existing portfolio to the desired portfolio. MAM then continuously monitors the client's portfolio holdings and the overall asset allocation strategy and holds regular review meetings with the client regarding the account.

MAM typically creates a portfolio of no-load mutual funds, and may use model portfolios if the models match the client's investment policy. MAM allocates the client's assets among various investments taking into consideration the overall management style selected by the client. MAM primarily recommends mutual funds offered by Dimensional Fund Advisors (DFA). DFA-sponsored mutual funds follow a passive asset class investment philosophy with low holdings turnover. Client portfolios may also include individual equity securities in situations where disposition of these securities would present an overly burdensome tax consequence, or in situations where the client specifically requests that they be retained. These situations will be specifically identified in the client's IPS.

MAM manages mutual fund and equity portfolios on a discretionary basis according to the investment policy selected by the client. A client may impose reasonable restrictions on MAM's discretionary authority, including restrictions on the types of securities in which MAM may invest a client's assets, and on specific securities which the client may believe to be appropriate.

MAM may also recommend fixed income portfolios to investment management clients, which consist of managed accounts of individual bonds. MAM may request discretionary authority from investment management clients to retain a third party fixed income manager.

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

Complete, laddered fixed income portfolios generally require a minimum investment of \$400,000.

On an ongoing basis, MAM will answer clients' inquiries regarding their accounts and review periodically with clients the performance of their accounts. MAM will periodically, and at least annually, review clients' investment policy, risk profile and discuss the re-balancing of each client's accounts to the extent appropriate. MAM will provide to the fixed income manager any updated client financial information or account restrictions necessary for the fixed income manager to provide sub-advisory services.

In addition to managing the client's investment portfolio, MAM may provide additional services to clients based upon their unique circumstances and needs. Such services may include personal cash flow analysis, income and estate tax planning, education financial planning, retirement planning, insurance analysis, establishment and design of retirement plans and trusts, and assistance with assets outside our direct management.

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

MAM also provides advisory services to participant-directed employee retirement benefit plans. MAM 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. MAM will recommend investment options to achieve the plan's objectives, provide participant education meetings, and monitor the performance of the plan's investment vehicles.

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

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

MAM 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 Services**

MAM also provides advice in the form of a Financial Plan. Clients purchasing this service may receive a written financial plan, providing the client with a detailed financial plan designed to achieve their stated financial goals and objectives.

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

- **Personal:** Family records, budgeting, personal liability, estate information and financial goals.
- **Education:** Education IRAs, financial aid, state savings plans, grants and general assistance in preparing to meet dependents' continuing educational needs through the development of an education plan.
- **Tax and Cash Flow:** Income tax and spending analysis and planning for past, current and future years.
- **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 effect on a client's portfolio.

MAM gathers required information through in-depth personal interviews. Information gathered includes a client's current financial status, future goals and attitudes towards risk. Related documents supplied by the client are carefully reviewed and a written report may be prepared. Should a client choose to implement the recommendations contained in the plan, MAM suggests the client work closely with his/her attorney, accountant, insurance agent, and/or broker. Implementation of financial plan recommendations is entirely at the client's discretion.

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

## Consulting Services

Clients can also receive investment advice on a more limited basis. This may include reviewing a client's existing portfolio or the ongoing review of, and consultation on, a client's portfolio not under MAM's management. MAM may also provide specific consultation and administrative services regarding other investment and financial concerns of the client. Additionally, MAM may advise on non-securities matters, such as the rendering of estate planning, retirement planning, and/or income tax planning advice.

## Item 5 – Fees and Compensation

### 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>
First \$3,000,000	1.00%
Next \$2,000,000	0.80%
Next \$5,000,000	0.60%
Next \$10,000,000	0.50%
On amounts over \$20,000,000	0.40%

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

A minimum account of \$1,000,000 is required for Investment Management Services. The minimum annual fee is \$10,000 (\$2,500 billed quarterly). These minimums may be waived or reduced at MAM's discretion.

## **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>MAM's Annual Fee</b>	<b>Total Fee</b>
On the first \$1,000,000	0.20%	0.80%	1.00%
On the next \$4,000,000	0.15%	0.75%	0.90%
On the next \$5,000,000	0.08%	0.52%	0.60%
On all amounts above \$10,000,000	0.05%	0.40%	0.45%

## **Financial Planning/Consulting Services**

Financial planning fees will be charged on an hourly basis, ranging from \$175-\$450 per hour. If appropriate, an estimate for total hours will be determined at the start of the advisory relationship. A retainer may be requested upon completion of MAM's fact-finding session with the client, however, advance payment will never exceed \$1,200 for work that will not be completed within six months. The balance will be due upon completion of the plan or consulting service. MAM's financial planning and/or consulting fee(s) will be determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with a client.

## **Additional General Information**

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

MAM 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. MAM has also contracted with BAM for sub-advisory services with respect to clients' fixed income accounts. MAM pays a fee for BAM services based on management fees paid to MAM on accounts that use BAM. The fee paid by MAM to BAM consists of a portion of the fee paid by clients to MAM and varies based on the total client assets participating in BAM through MAM. These fees are not separately charged to advisory clients. MAM retains BAM as the fixed income sub-advisor for client accounts.



The specific manner in which fees are charged by MAM is established in a client's written agreement with MAM. Investment Management and Employee Benefit Plan 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 MAM calculates fees may vary from account custodial statements based on independent 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).

For Investment Management and Employee Benefit Plan Services, MAM 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 MAM or its designated service provider, BAM, to withdraw fees from the account. MAM 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.

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, any prepaid, unearned fees will be promptly refunded. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

All fees paid to MAM for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. A client could invest in mutual funds directly, without the services of MAM. In that case, the client would not receive the services provided by MAM which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Certain funds also may not be available to the client directly. Accordingly, the client should review both the fees charged by the funds and the fees charged by MAM to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

MAM'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 and other third parties such as fees charged by managers, custodial 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. Such charges, fees and commissions are exclusive of and in addition to MAM's fee, and MAM shall not receive any portion of these commissions, fees, and costs.

#### *Grandfathered Fees/Minimums*

Pre-existing advisory clients are subject to MAM's minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, MAM's minimum account requirements and advisory fees may differ among clients.

MAM retains the discretion to reduce or waive account minimums, and/or advisory fees. Circumstances may include but are not limited to, a significant percentage of fixed income holdings in the client's portfolio. MAM may also combine related household accounts for the purpose of achieving the minimum account requirements.

#### *Discounted Fees*

Advisory services may be provided to family members and friends of MAM at a discounted rate. This rate is not available to all of MAM's advisory clients.

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

MAM 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 on or capital appreciation of the funds or any portion of the funds of an advisory client.

### **Item 7 – Types of Clients**

MAM provides services to, and manages investment portfolios for individuals, trusts, charitable organizations, businesses and qualified retirement plans.

A minimum account of \$1,000,000 is required for Investment Management Services. The minimum annual fee is \$10,000 (\$2,500 billed quarterly). These minimums may be waived or reduced at MAM's discretion.

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

### *Methods of Analysis and Investment Strategy*

MAM's services are based on long-term investment strategies incorporating the principles of Modern Portfolio Theory. MAM'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. MAM recommends diversified portfolios, principally through the use of passively managed, asset class mutual funds. MAM 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, MAM's investment advice seeks to limit risk through broad diversification among asset classes and, as appropriate for particular clients, the direct investment in fixed income securities to represent the fixed income asset class. MAM'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 MAM's strategy seeks to minimize.

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

Clients may hold or retain other types of assets as well, and MAM 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.

MAM'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.

MAM receives supporting research from BAM and from other consultants, including economists affiliated with DFA. MAM utilizes DFA mutual funds in client portfolios. DFA mutual funds follow a passive asset class investment philosophy with low holdings turnover.

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

In the development of investment plans for clients, including the recommendation of an appropriate asset allocation, MAM 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, MAM 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 MAM 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 MAM'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.

Certain funds utilized by MAM may contain international securities. Investing outside the United States involves additional risks, such as currency fluctuations, periods of illiquidity and price volatility. These risks may be greater with investments in developing countries.

More information about the risks of any particular market sector can be reviewed in representative mutual fund prospectuses managing assets within each applicable sector.

## **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 MAM or the integrity of MAM's management. MAM has no information applicable to this Item.

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

### Affiliated Accounting Firm

Members of MAM are also owners and/or CPA's of the accounting firm, Millares & Company, Inc ("M&C"). MAM may recommend M&C to advisory clients in need of accounting services, and conversely, M&C may recommend MAM to clients in need of advisory services. Accounting services provided by M&C are separate and distinct from the advisory services of MAM, and are provided for separate and typical compensation. No MAM client is obligated to use M&C for any accounting services.

### Individual Licensed Attorney

Javier M. Millares, one of the Members of MAM, in his individual capacity, is licensed to practice law in the state of Florida and said license is currently active.

### BAM Advisor Services, LLC ("BAM")

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

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

MAM has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. MAM's Code of Ethics describes the firm's fiduciary duties and responsibilities to clients and sets forth MAM's practice of supervising the personal securities transactions of employees with access to client information. Individuals associated with MAM may buy or sell securities for their personal accounts identical or different than those recommended to clients. It is the expressed policy of MAM 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, MAM 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 Chief Compliance Officer. MAM 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).

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

It is MAM's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. MAM will also not affect cross trades between client accounts. Principal transactions are generally defined as transactions where an advisor, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated private fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment advisor in relation to a transaction in which the investment advisor, or any person controlled by or under common control with the investment advisor, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an advisor is dually registered as a broker-dealer or has an affiliated broker-dealer.

## Item 12 – Brokerage Practices

### Investment Management Services

MAM arranges for the execution of securities transactions with the assistance of BAM. Through BAM, MAM may participate in the Schwab Advisor Services (“SAS”) program offered to independent investment advisers by Charles Schwab & Company, Inc., the Fidelity Institutional Wealth Services (“FIWS”) program, sponsored by Fidelity Brokerage Services, LLC (“Fidelity”) and the TD Ameritrade Institutional Program offered by TD Ameritrade, Inc. TD Ameritrade Institutional (“TDA”) is a division of TD Ameritrade, Inc. (“TD Ameritrade”) member FINRA/SIPC/NFA. Schwab, Fidelity and TD Ameritrade are unaffiliated SEC-registered broker dealers and FINRA member broker dealers. Each offers to independent advisers services which include custody of securities, trade execution, clearance and settlement of transactions.

MAM may recommend one or more of these programs to advisory clients for custodial services and the execution of mutual fund and equity securities transactions. MAM regularly reviews these programs to ensure that its recommendations are consistent with its fiduciary duty. These trading platforms are essential to MAM's service arrangements and capabilities, and MAM may not accept clients who direct the use of other brokers. As part of these programs, MAM receives benefits that it would not receive if it did not offer investment advice (See the disclosure under Item 14 of this Brochure).

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

MAM will not exercise authority to arrange client transactions in fixed income securities. Clients will provide this authority to a fixed income manager retained by MAM on the client's behalf by designating the portfolio manager with trading authority over the client's brokerage account. Clients will be provided with the Disclosure Brochure (Form ADV Part 2) of portfolio manager.

SAS, FIWS and TDA 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 MAM 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. MAM also does not have any arrangements to compensate any broker dealer for client referrals.

When trading client accounts, errors may periodically occur. In all circumstances involving trade errors, clients are "made whole". MAM is always responsible for trade error losses. Errors may also result in gains in client accounts, in which case some custodians provide to MAM any gains that would have occurred in the client account as a result of the error. For such situations, MAM has established a procedure to use such gains to offset client advisory fees. For clients utilizing TD Ameritrade for brokerage services, TD Ameritrade maintains a policy that any trade error gains will be donated by TD Ameritrade to charity.

MAM 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 MAM arranges transactions. BAM, in the management of fixed income portfolios, will aggregate certain transactions among client accounts that it manages, in which case a MAM client's order may be aggregated with an order for another client of BAM who is not an MAM client. See BAM Advisor Services, LLC Form ADV Part 2.

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

MAM does not arrange for the execution of securities transactions for employee benefit retirement plans as a part of this service. Transactions are executed directly through employee plan participation. MAM may, however, arrange for execution of securities transactions for certain plans custodied with Schwab, Fidelity or TD Ameritrade.

### **Financial Planning/Consulting Services**

MAM's financial planning/consulting practice, due to the nature of its business and client needs, does not include blocking trades, negotiating commissions with broker dealers or obtaining volume discounts, nor necessarily obtaining the best price. Clients will be required to select their own broker dealers and insurance companies for the implementation of financial planning/consulting recommendations. MAM may recommend any one of several brokers. MAM clients must independently evaluate these brokers before opening an account. The factors considered by MAM when making this recommendation are the



broker's ability to provide professional services, MAM's experience with the broker, the broker's reputation, and the broker's financial strength, among other factors. MAM's financial planning/consulting clients may use any broker or dealer of their choice.

## **Item 13 – Review of Accounts**

### Reviews

#### **Investment Management Services**

Account assets are reviewed continuously and formally reviewed at least quarterly by an investment adviser representative. The review process contains each of the following elements:

- a. assessing client goals and objectives;
- b. evaluating the employed strategy(ies);
- c. monitoring the portfolio(s); and
- d. addressing the need to rebalance.

Additional account reviews may be triggered by any of the following events:

- a. a specific client request;
- b. a change in client goals and objectives;
- c. an imbalance in a portfolio asset allocation; and
- d. market/economic conditions.

For fixed income portfolios, certain account review responsibilities are delegated to a third party investment manager as described above in Item 4.

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

Retirement plan assets are reviewed on a quarterly basis or as otherwise agreed between the parties, and according to the standards and situations described above for investment management accounts.

#### **Financial Planning/Consulting Services**

Financial Planning/Consulting accounts will be reviewed as contracted at the inception of the advisory relationship.

## Reports

### **Investment Management Services**

All investment management and employee benefit retirement plan services clients will receive quarterly performance reports, prepared by BAM and reviewed by MAM, that summarize the client's account and asset allocation. Clients will also receive at least quarterly statements from their account custodian, which will outline the client's current positions and current market value.

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

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

### **Financial Planning/Consulting Services**

Financial Planning Services clients may receive a report for a specific topic in financial planning. Additional reports will not typically be provided unless otherwise contracted for at the inception of the advisory relationship. Consulting Services clients will not typically receive reports due to the nature of the service.

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

### Client Referrals

MAM may from time to time compensate, either directly or indirectly, any person (defined as a natural person or a company) for client referrals. MAM may compensate affiliated persons who are members or employees MAM's affiliated accounting firm, Millares & Company, Inc., for client referrals. Clients should understand that these persons have an economic incentive to recommend the advisory services of MAM. MAM is aware of the special considerations promulgated under Section 206(4)-3 of the Investment Advisers Act of 1940 and similar state regulations. As such, appropriate disclosure shall be made, all written instruments will be maintained by MAM and all applicable Federal and/or State laws will be observed.

### Other Compensation

As indicated under the disclosure for Item 12, SAS, FIWS and TDA provide MAM with access to services, which are not available to retail investors. These services generally are available to independent investment advisors on an unsolicited basis at no charge to them.

These services benefit MAM but may not directly benefit its clients' accounts. Many of the products and services assist MAM 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 MAM'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 MAM's accounts. Recommended brokers also make available to MAM other services intended to help MAM manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. MAM does not, however, enter into any commitments with the broker for transaction levels in exchange for any services or products from brokers. While as a fiduciary, MAM endeavors to act in its clients' best interests, MAM's requirement that clients maintain their assets in accounts at Schwab, Fidelity or TD Ameritrade may be based in part on the benefit to MAM 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, which may create a potential conflict of interest.

### **Item 15 – Custody**

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

## **Item 16 – Investment Discretion**

MAM requests that it be provided with written authority to determine which securities and the amounts of securities that are bought or sold. For fixed income accounts MAM's discretion includes the selection of a sub-advisory manager. Any limitations on this discretionary authority shall be included in this written authority statement. Clients may change/amend these limitations as required. Such amendments shall be submitted in writing.

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

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

Proxy Voting: As a matter of firm policy and practice, MAM 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. However, MAM may provide advice to clients regarding the clients' voting of proxies.

Class Actions, Bankruptcies and Other Legal Proceedings: Clients should note that MAM 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 MAM to transmit copies of class action notices to the client or a third party. Upon such direction, MAM will make commercially reasonable efforts to forward such notices in a timely manner.

## **Item 18 – Financial Information**

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