

Courage Miller Partners, LLC

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ADV Part 2A, Brochure

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This Brochure provides information about the qualifications and business practices of Courage Miller Partners, LLC (“Courage Miller”). If you have any questions about the contents of this Brochure, please contact us at (757) 390-3100 or courage.miller@couragemiller.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 Courage Miller also is available on the SEC’s website at www.adviserinfo.sec.gov.

References herein to Courage Miller as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.

Item 2 Material Changes

There have been no material changes to this Brochure since the March 29, 2016 annual update filing. However, this Brochure has been amended at Items 4 and 5 below to describe the “fiduciary reporting services” that Courage Miller now offers.

Courage Miller’s Chief Compliance Officer, Ralph Courage, remains available to address any questions that a client or prospective client may have regarding this Brochure.

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Item 4 Advisory Business

- A. Courage Miller is a limited liability company formed on August 8, 2008 in the State of Delaware. Courage Miller became registered as an Investment Adviser Firm in August, 2008. Courage Miller is owned by Ralph Courage and Jeffrey Miller. Ralph Courage is Courage Miller's Managing Member and Chief Compliance Officer.
- B. As discussed below, Courage Miller offers to its clients (individuals, business entities, trusts, estates and charitable organizations, pension and profit sharing plans, etc.) investment advisory services, and, to the extent specifically requested by a client, financial planning and related consulting services.

INVESTMENT ADVISORY SERVICES

The client can determine to engage Courage Miller to provide discretionary and/ or non-discretionary investment advisory services on a fee-only basis. Courage Miller's annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under Courage Miller's management. Before engaging Courage Miller to provide investment advisory services, clients are required to enter into an Investment Advisory Agreement with Courage Miller setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the fee that is due from the client.

Courage Miller provides investment advisory services specific to the needs of each client. Before providing investment advisory services, an investment adviser representative will ascertain each client's investment objectives. Thereafter, Courage Miller will allocate and/or recommend that the client allocate investment assets consistent with the designated investment objectives. Courage Miller primarily allocates client investment assets among various individual equity (stocks), debt (bonds), mutual funds, fixed income securities and/or exchange traded funds ("ETFs") (including inverse ETFs and/or mutual funds that are designed to perform in an inverse relationship to certain market indices) on a discretionary and/or non-discretionary basis in accordance with the client's designated investment objective(s). Once allocated, Courage Miller provides ongoing monitoring and review of account performance and asset allocation as compared to client investment objectives, and may periodically execute or recommend execution of transactions for the account based upon such reviews.

FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

To the extent requested by a client, Courage Miller may determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee basis. Before engaging Courage Miller to provide planning or consulting services, clients are generally required to enter into a Financial Planning and Consulting Agreement with Courage Miller setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Courage Miller commencing services. If requested by the client, Courage Miller may recommend the services of other professionals for implementation purposes. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Courage Miller. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek

recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client's responsibility to promptly notify Courage Miller if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Courage Miller's previous recommendations and/or services.

RETIREMENT PLAN CONSULTING

Courage Miller also provides non-discretionary retirement plan consulting services, pursuant to which it assists sponsors of self-directed retirement plans with the selection and/or monitoring of investment alternatives (generally open-end mutual funds) from which plan participants shall choose in self-directing the investments for their individual plan retirement accounts. In addition, to the extent requested by the plan sponsor, Courage Miller shall also provide participant education designed to assist participants in identifying the appropriate investment strategy for their retirement plan accounts. The terms and conditions of the engagement are set forth in a Retirement Plan Consulting Agreement between Courage Miller and the plan sponsor, which must be executed before Courage Miller commences retirement plan consulting services.

FIDUCIARY REPORTING SERVICES

Courage Miller also offers fiduciary reporting services designed to provide fiduciaries such as trustees and investment committee members with independent third party reporting to present a clear and accurate picture of, among other things, fiduciary portfolio assets and performance. The scope of Courage Miller's fiduciary reporting services varies based upon the particular service offering selected by the client. Before engaging Courage Miller to provide fiduciary reporting services, clients are required to enter into a Fiduciary Reporting Services Agreement, detailing the particular services provided and the applicable fees.

MISCELLANEOUS

Limitations of Financial Planning and Non-Investment Consulting/Implementation Services. To the extent requested by a client, Courage Miller may provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Courage Miller does not serve as a law firm, accounting firm, or insurance agency, and no portion of Courage Miller's services should be construed as legal, accounting, or insurance implementation services. Accordingly, Courage Miller does not prepare estate planning documents, tax returns or sell insurance products. To the extent requested by a client, Courage Miller may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance agents, etc.). Clients are reminded that they are under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation made by Courage Miller or its representatives. **Please Note:** If the client engages any unaffiliated recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional.

Please Note: Inverse/Enhanced Market Strategies. Courage Miller may utilize long and short mutual funds and/or exchange traded funds that are designed to perform in either an: (1) inverse relationship to certain market indices (at a rate of 1 or more times the inverse [opposite] result of the corresponding index) as an investment strategy and/or for the purpose of hedging against downside market risk; and (2) enhanced relationship to

certain market indices (at a rate of 1 or more times the actual result of the corresponding index) as an investment strategy and/or for the purpose of increasing gains in an advancing market. There can be **no assurance** that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a client may direct Courage Miller, in writing, not to employ any or all such strategies for their accounts.

Non-Discretionary Service Limitations. Clients that determine to engage Courage Miller on a non-discretionary investment advisory basis **must be willing to accept** that Courage Miller cannot effect any account transactions without obtaining prior consent to such transaction(s) from the client. Thus, in the event that Courage Miller would like to make a transaction for a client's account (including in the event of an individual holding or general market correction), and the client is unavailable, Courage Miller will be unable to effect the account transaction(s) (as it would for its discretionary clients) **without first obtaining the client's consent.**

Client Obligations. In performing its services, Courage Miller shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains their responsibility to promptly notify Courage Miller if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Courage Miller's previous recommendations and/or services.

Retirement Plan Rollovers-No Obligation/Conflict of Interest. A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If Courage Miller recommends that a client roll over their retirement plan assets into an account to be managed by Courage Miller, such a recommendation creates a conflict of interest if Courage Miller will earn an advisory fee on the rolled over assets. **No client is under any obligation to roll over plan assets to an IRA managed by Courage Miller or to engage Courage Miller to monitor and/or manage the account while maintained at the client's employer. Courage Miller's Chief Compliance Officer, Ralph Courage, remains available to address any questions that a client or prospective client may have regarding its prospective engagement and the corresponding conflict of interest presented by such engagement.**

Account Data Aggregation / Reporting Services. Courage Miller, in conjunction with the services provided by a third-party vendor, may also provide periodic comprehensive reporting services which can incorporate all of the client's investment assets, including those investment assets that are not part of the assets managed by Courage Miller (the "Excluded Assets"). **The client and/or their other advisors that maintain trading authority, and not Courage Miller, shall be exclusively responsible for the investment performance of the Excluded Assets.** Unless otherwise specifically agreed to, in writing, Courage Miller's service relative to the Excluded Assets is limited to reporting only. The sole exception to the above shall be if Courage Miller is specifically engaged to monitor and/or allocate the assets within the client's 401(k) account maintained away at the custodian directed by the client's employer. As such, except with respect to the client's 401(k) account (if applicable), Courage Miller does not maintain

any trading authority for the Excluded Assets. Rather, the client and/or the client's designated other investment professional(s) maintain supervision, monitoring and trading authority for the Excluded Assets. If Courage Miller were asked to make a recommendation as to any Excluded Assets, the client is under absolutely no obligation to accept the recommendation, and Courage Miller shall not be responsible for any implementation error (timing, trading, etc.) relative to the Excluded Assets. In the event the client desires that Courage Miller provide investment management services for the Excluded Assets, the client may engage Courage Miller to do so pursuant to the terms and conditions of the Investment Advisory Agreement between Courage Miller and the client.

Disclosure Statement. A copy of Courage Miller's written disclosure statement as set forth on Part 2 of Form ADV shall be provided to each client before, or contemporaneously with, the execution of the applicable form of client agreement.

- C. Courage Miller shall provide investment advisory services specific to the needs of each client. Before providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, Courage Miller shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at anytime, impose reasonable restrictions, in writing, on Courage Miller's services.
- D. Courage Miller does not participate in a wrap fee program.
- E. As of December 31, 2016, Courage Miller had \$196,996,099 in assets under management on a discretionary basis and \$22,346,163 in assets under management on a non-discretionary basis.

Item 5 Fees and Compensation

- A. The client can determine to engage Courage Miller to provide discretionary investment advisory services on a fee-only basis.

INVESTMENT ADVISORY SERVICES

If a client determines to engage Courage Miller to provide discretionary and/or non-discretionary investment advisory services on a fee-only basis, Courage Miller's negotiable annual investment advisory fee shall generally be based upon a percentage (%) of the market value and type of assets placed under Courage Miller's management as follows:

<u>Market Value of Portfolio</u>	<u>% of Assets</u>
First \$0 - \$1,000,000	1.00%
Next \$1,000,000-\$5,000,000	0.80%
Next \$5,000,000 - \$10,000,000	0.60%
Over 10,000,000	0.40%

FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

To the extent requested by a client, Courage Miller may determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee basis. Courage Miller's planning and consulting fees are negotiable, but generally range from \$2,500 to \$10,000 on a fixed fee basis, and from \$200 to \$500 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

RETIREMENT PLAN CONSULTING

The terms and conditions of Courage Miller's retirement plan consulting engagement are set forth in a Retirement Plan Consulting Agreement between Courage Miller and the plan sponsor. Courage Miller's negotiable annual fee for retirement plan consulting services shall be based upon a percentage (%) of the market value of assets held by the plan. This fee generally ranges between 0.10% and 0.60% of the market value of the plan assets, and depends on the scope and complexity of the services requested.

FIDUCIARY REPORTING SERVICES

Courage Miller's fees for its fiduciary reporting services are detailed in the Fiduciary Reporting Services Agreement. The fee is dictated by the level of service requested and the number of accounts to be monitored, generally ranging from \$200 to \$750 per account, per quarter.

- B. Clients may elect to have Courage Miller's advisory fees deducted from their custodial account. Both Courage Miller's Investment Advisory Agreement and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of Courage Miller's investment advisory fee and to directly remit that management fee to Courage Miller in compliance with regulatory procedures. In the limited event that Courage Miller bills the client directly, payment is due upon receipt of Courage Miller's invoice. Courage Miller shall deduct fees and/or bill clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, Courage Miller shall generally recommend that Charles Schwab and Co., Inc. ("Schwab") serve as the broker-dealer/custodian for client investment advisory assets. Broker-dealers such as Schwab charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). In addition to Courage Miller's investment advisory fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses). When beneficial to the client, individual fixed-income and/or equity transactions may be effected through broker-dealers with whom Courage Miller and/or the client have entered into arrangements for prime brokerage clearing services, including effecting certain client transactions through other SEC registered and FINRA member broker-dealers (in which event, the client generally will incur both the transaction fee charged by the executing broker-dealer and a "tradeaway" fee charged by Schwab).

- D. Courage Miller's annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter. The Investment Advisory Agreement between Courage Miller and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the Investment Advisory Agreement. Upon termination, Courage Miller shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.
- E. Neither Courage Miller, nor its representatives accept compensation from the sale of securities or other investment products.

Item 6 Performance-Based Fees and Side-by-Side Management

Neither Courage Miller, nor any supervised person of Courage Miller, accepts performance-based fees.

Item 7 Types of Clients

Courage Miller's clients generally include individuals, business entities, trusts, estates and charitable organizations. Courage Miller generally requires an annual minimum fee of: \$5,000 for investment advisory services; and \$7,500 for retirement plan consulting services. Therefore for investment advisory services, if a client maintains less than \$500,000 in assets under Courage Miller's management and is subject to the \$5,000 annual minimum fee, that client will pay a higher percentage investment advisory fee than referenced in Item 5.A. above. Likewise, for retirement plan consulting services, if the value of plan assets is less than \$7,500,000 and the client is subject to the \$7,500 annual minimum fee, that client could pay a higher percentage annual fee than the 0.10% referenced in Item 5.A. above. However, Courage Miller, in its sole discretion, may charge a lesser fee and/or reduce or waive its annual minimum fee requirements based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.). In addition, clients with assets under management over \$20,000,000 may be subject to a minimum fee that shall be evaluated and negotiated with the client on a case-by-case basis before commencing services on that client's behalf. Please note that if Courage Miller imposes such a minimum fee, that fee shall not, at any time, exceed 3.0% of the market value of assets placed under management.

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

- A. Courage Miller may utilize the following methods of security analysis:
- Charting - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
 - Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
 - Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)
 - Cyclical – (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

Courage Miller may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Trading (securities sold within thirty (30) days)
- Short Sales (contracted sale of borrowed securities with an obligation to make the lender whole)
- Margin Transactions (use of borrowed assets to purchase financial instruments)

Please Note: Investment Risk. Investing in securities involves risk of loss that clients should be prepared to bear, including the complete loss of principal investment. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Courage Miller) will be profitable or equal any specific performance level(s).

- B. Courage Miller's methods of analysis and investment strategies do not present any significant or unusual risks. However, every method of analysis has its own inherent risks. To perform an accurate market analysis Courage Miller must have access to current/new market information. Courage Miller has no control over the dissemination rate of market information; therefore, unbeknownst to Courage Miller, certain analyses may be compiled with outdated market information, severely limiting the value of Courage Miller's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

Courage Miller's primary investment strategies - Long Term Purchases, Short Term Purchases, and Trading - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period, involves a very short investment time period but will incur higher transaction costs when compared to a short term investment strategy and substantially higher transaction costs than a longer term investment strategy.

In addition to the fundamental investment strategies discussed above, Courage Miller may also implement and/or recommend – short selling and/or use of margin. Each of these strategies has a high level of inherent risk. (See discussion below).

Short selling is an investment strategy with a high level of inherent risk. Short selling, involves the selling of assets that the investor does not own. The investor borrows the assets from a third party lender (i.e. Broker-Dealer) with the obligation of buying identical assets at a later date to return to the third party lender. Individuals who engage in this activity shall only profit from a decline in the price of the assets between the original date of sale and the date of repurchase. Conversely, the short seller will incur a

loss if the price of the assets rises. Other costs of shorting may include a fee for borrowing the assets and payment of any dividends paid on the borrowed assets.

Margin is an investment strategy with a high level of inherent risk. A margin transaction occurs when an investor uses borrowed assets to purchase financial instruments. The investor generally obtains the borrowed assets by using other securities as collateral for the borrowed sum. The effect of purchasing a security using margin is to magnify any gains or losses sustained by the purchase of the financial instruments on margin. **Please note:** To the extent that a client authorizes the use of margin, and margin is thereafter employed by Courage Miller in the management of the client's investment portfolio, the market value of the client's account and corresponding fee payable by the client to Courage Miller may be increased. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the potential **conflict of interest** whereby the client's decision to employ margin may correspondingly increase the management fee payable to Courage Miller. Accordingly, the decision as to whether to employ margin is left totally to the discretion of client.

- C. Currently, Courage Miller primarily allocates client investment assets among various individual equity (stocks), debt (bonds) fixed income securities, mutual funds, and/or ETFs (including inverse ETFs and/or mutual funds that are designed to perform in an inverse relationship to certain market indices) on a discretionary and/or non-discretionary basis in accordance with the client's designated investment objective(s).

As disclosed above, Courage Miller may utilize long and short mutual funds and/or exchange traded funds that are designed to perform in either an: (1) inverse relationship to certain market indices (at a rate of 1 or more times the inverse [opposite] result of the corresponding index) as an investment strategy and/or for the purpose of hedging against downside market risk; and (2) enhanced relationship to certain market indices (at a rate of 1 or more times the actual result of the corresponding index) as an investment strategy and/or for the purpose of increasing gains in an advancing market. There can be **no assurance** that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a client may direct Courage Miller, in writing, not to employ any or all such strategies for their accounts. (See Item 4.B. above).

Item 9 Disciplinary Information

Courage Miller has not been the subject of any disciplinary actions.

Item 10 Other Financial Industry Activities and Affiliations

- A. Neither Courage Miller, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither Courage Miller, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. Courage Miller has no other relationship or arrangement with a related person that is material to its advisory business.

- D. Courage Miller does not recommend or select other investment advisors for its clients for which it receives a fee.

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

- A. Courage Miller maintains an investment policy relative to personal securities transactions. This investment policy is part of Courage Miller's overall Code of Ethics, which serves to establish a standard of business conduct for all of Courage Miller's Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, Courage Miller also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by Courage Miller or any person associated with Courage Miller.

- B. Neither Courage Miller nor any related person of Courage Miller recommends, buys, or sells for client accounts, securities in which Courage Miller or any related person of Courage Miller has a material financial interest.
- C. Courage Miller and/or representatives of Courage Miller may buy or sell securities that are also recommended to clients. This practice may create a situation where Courage Miller and/or representatives of the firm are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if Courage Miller did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed before those of Courage Miller's clients) and other potentially abusive practices.

Courage Miller has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of Courage Miller's "Access Persons." Courage Miller's securities transaction policy requires that an Access Person of Courage Miller must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date Courage Miller selects; provided, however that at any time that Courage Miller has only one Access Person, he or she shall not be required to submit any securities report described above.

- D. Courage Miller and/or representatives of Courage Miller may buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where Courage Miller and/or representatives of the firm are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11.C, Courage

Miller has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Courage Miller's Access Persons.

Item 12 Brokerage Practices

- A. In the event that the client requests that Courage Miller recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct Courage Miller to use a specific broker-dealer/custodian), Courage Miller generally recommends that investment advisory accounts be maintained at Schwab. Before engaging Courage Miller to provide investment advisory services, the client will be required to enter into a formal Investment Advisory Agreement with Courage Miller setting forth the terms and conditions under which Courage Miller shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that Courage Miller considers in recommending Schwab (or any other broker-dealer/custodian to clients) include historical relationship with Courage Miller, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Courage Miller's clients shall comply with Courage Miller's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where Courage Miller determines, in good faith, that the commission/transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of broker-dealer services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Courage Miller will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Courage Miller's investment advisory fee. Courage Miller's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. Non-Soft Dollar Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Courage Miller may receive from Schwab (or another broker-dealer/custodian, investment platform, unaffiliated investment manager, unaffiliated vendor, and/or product/fund sponsor) without cost (and/or at a discount) support services and/or products, certain of which assist Courage Miller to better monitor and service client accounts maintained at such institutions. The support services that Courage Miller may obtain could include investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis travel and attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Courage Miller in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that may be received may assist Courage Miller in managing and administering client accounts. Others do not directly provide such assistance, but rather assist Courage Miller to manage and further develop its business enterprise.

Courage Miller's clients do not pay more for investment transactions effected and/or assets maintained at Schwab as a result of this arrangement. There is no corresponding commitment made by Courage Miller to Schwab or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

Courage Miller's Chief Compliance Officer, Ralph Courage, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.

2. Courage Miller does not receive referrals from broker-dealers.

3. Directed Brokerage.

Courage Miller does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Courage Miller will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Courage Miller. As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

In the event that the client directs Courage Miller to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Courage Miller. Higher transaction costs adversely impact account performance. Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts. **Courage Miller's Chief Compliance Officer, Ralph Courage, remains available to address any questions that a client or prospective client may have regarding the above arrangements.**

B. To the extent that Courage Miller provides investment advisory services to its clients, the transactions for each client account generally will be effected independently, unless Courage Miller decides to purchase or sell the same securities for several clients at approximately the same time. Courage Miller may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among Courage Miller's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders

placed for each client account on any given day. Courage Miller shall not receive any additional compensation or remuneration as a result of such aggregation.

Item 13 Review of Accounts

- A. For those clients to whom Courage Miller provides investment supervisory services, account reviews are conducted on an ongoing basis by Courage Miller's Principals and Chief Compliance Officer. All investment supervisory clients are advised that it remains their responsibility to advise Courage Miller of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with Courage Miller on an annual basis.
- B. Courage Miller may conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Courage Miller may also provide a written periodic report summarizing account activity and performance.

Item 14 Client Referrals and Other Compensation

- A. As referenced in Item 12.A.1 above, Courage Miller may receive economic benefits from Schwab including support services and/or products without cost and/or at a discount. Courage Miller's clients do not pay more for investment transactions effected and/or assets maintained at Schwab as a result of this arrangement. There is no corresponding commitment made by Courage Miller to Schwab or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.
- B. Courage Miller does not compensate any person, other than its representatives, for referrals.

Item 15 Custody

Courage Miller shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Courage Miller may also provide a written periodic report summarizing account activity and performance.

Courage Miller engages in other practices and/or services on behalf of its clients that require disclosure at ADV Part 1, Item 9, which practices and/or services are subject to an annual surprise CPA examination in accordance with the requirements of Rule 206(4)-2 under the Investment Advisers Act of 1940.

Please Note: To the extent that Courage Miller provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by Courage Miller with the account statements received from the account custodian. **Please Also Note:** The account custodian does not verify the accuracy of Courage Miller's advisory fee calculation.

Item 16 Investment Discretion

The client can determine to engage Courage Miller to provide investment advisory services on a discretionary basis. Before Courage Miller assumes discretionary authority over a client's account, the client is required to execute an Investment Advisory Agreement, naming Courage Miller as the client's attorney and agent in fact, granting Courage Miller full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage Courage Miller on a discretionary basis may, at anytime, impose restrictions, **in writing**, on Courage Miller's discretionary authority. (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe Courage Miller's use of margin, etc.).

Item 17 Voting Client Securities

- A. Courage Miller does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact Courage Miller to discuss any questions they may have with a particular solicitation.

Item 18 Financial Information

- A. Courage Miller does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. Courage Miller is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. Courage Miller has not been the subject of a bankruptcy petition.

ANY QUESTIONS: Courage Miller's Chief Compliance Officer, Ralph Courage, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.