



Wealth Management | Investment Banking | AMB Professional Group

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ADV Part II Brochure

March 2018

This Brochure provides information about the qualifications and business practices of Allen, Mooney & Barnes Investment Advisors (“AMB”). If you have any questions about the contents of this Brochure, please contact us at (229) 225-1500 or [information@AMBWealth.com](mailto:information@AMBWealth.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

AMB 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 investment adviser are intended to provide you with information to assist in your determination as to whether or not to retain the services of that investment adviser. Additional information about AMB is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Material Changes

Since the last annual update, AMB has made the following material changes to its brochure:

- AMB is deemed to have custody due to the ability to authorize certain first-party money movements (via wires) and certain third-party money movements (pursuant to standing letters of authorization). See additional information in Item 15: Custody.

Currently, our Brochure may be requested by contacting Eric Davis, Chief Compliance Officer at (229) 225-1500 or via email at [Eric.Davis@ambwealth.com](mailto:Eric.Davis@ambwealth.com). Our Brochure is also available free of charge on our web site, [www.AMBWealth.com](http://www.AMBWealth.com).

Additional information about us and about our investment advisory representatives (“IARs”) is also available via the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Information about your IAR may be found in the IAR’s supplement to our Brochure.

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#### Item 4 – Advisory Business

AMB was established in June 2001, originally as Allen & Mooney Investments, LLC. AMB is wholly owned by FAIM Investments, LLC. The principal owners of FAIM Investments, LLC are M.H. Allen, Jr., and Vernon Queen, LLC. Mr. Allen is our Chief Executive Officer and Managing Partner. Vernon Queen, LLC is wholly owned by Gordon Maner. Mr. Maner is not involved in the management of AMB.

In addition to AMB, FAIM Investments, LLC owns our two affiliated companies, Allen, Mooney & Barnes Brokerage Services, LLC (“AMBBS,” which is a registered broker/dealer) and AMB Professional Services, LLC (which provides accounting and other related financial services). Messrs. Allen and Maner are both Managing Partners of AMBBS.

Eric Davis is designated as AMB’s Chief Compliance Officer.

AMB provides investment advisory and management services to a wide range of individual and institutional clients. Client investment accounts are managed either individually or under one or more model portfolios we have created and maintain. Each client’s investment accounts are managed based on their individual investment objectives, risk tolerances, and investment time horizon.

As of December 31, 2017 the total investment assets we managed amounted to \$705,587,073. Of this total amount, \$493,868,504 was managed by AMB on a discretionary basis.

All transactions for client accounts are processed through AMBBS. AMBBS directs the execution of those transactions through First Clearing (the trade name for Wells Fargo Clearing Services, LLC). First Clearing functions as our independent custodian, holding all investment assets for our clients.

#### Item 5 – Fees and Compensation

The fees we charge for the investment advisory and management services we provide are typically determined as a percentage of the market value of the investment assets we manage. Those fees are calculated and billed at the end of each calendar quarter and cover the services we have provided over that prior quarter. This is commonly referred to as billing “in arrears.” Our fees are generally charged based on the following schedule:

| <b>Assets</b>             | <b>Annual Fee Percentage</b> |
|---------------------------|------------------------------|
| \$500,000 and below       | 2.0% - 2.5%                  |
| \$500,001 - \$1,000,000   | 1.0% - 2.0%                  |
| \$1,000,001 - \$5,000,000 | .75% -1.5%                   |
| \$5,000,001 and above     | .50% - 1.0%                  |

Our fees are calculated based upon the net market value of the investment assets in each client's account as determined by First Clearing. One-fourth of our fee is billed each calendar quarter. Thus, for example, a client whose annual advisory fee is 1% would be charged a fee of .25% of the value of his/her investment assets at the end of each calendar quarter.

The advisory fees we charge are not adjusted based on contributions or withdrawals made during the course of a calendar quarter. The fees charged on accounts opened or closed during a calendar quarter are prorated based on the number of days the account was open during the quarter.

We reserve the right to negotiate with individual clients the amount of the fees we charge. The fees to be charged will be set forth in the written *Investment Advisory Agreement* we execute with each client.

We generally require that clients give us written authorization to direct First Clearing to pay our investment advisory fees to us by withdrawing those fees from client accounts each quarter. This authorization is set forth in the *Investment Advisory Agreement* clients execute to retain our services. Clients may alternatively elect for us to send them an invoice each quarter for the fees we have charged. First Clearing provides each client with periodic account statements that show the amount of the advisory fees paid to us. Because First Clearing does not verify the accuracy of our fee calculations, clients are strongly encouraged to review their account statements carefully including the fees we have charged.

Our advisory fees may be higher or lower than the fees charged by other investment advisers providing similar services.

As noted above, AMB effects all transactions for its client accounts through AMBBS, which then directs those transactions to First Clearing for execution. As our independent custodian, First Clearing executes all investment transactions for our client accounts, holds client investment assets, provides periodic values for those investments, and issues transaction confirmations and account statements. First Clearing charges a transaction fee in conjunction with the execution of each transaction and imposes various other fees associated with the custodial services it provides. All of those fees and charges must be paid by clients and are in addition to the advisory fees we charge.

The transaction fees charged by First Clearing may be higher than the fees charged by other custodians. While AMB does not receive any portion of those fees, our affiliate, AMBBS, is paid approximately 60% of those fees. This presents a conflict of interest in that AMB may be incentivized to transact business through AMBBS and First Clearing rather than through other broker/dealers or custodians that are not affiliated with AMB.

Mutual funds and exchange-traded funds also charge internal management fees which are disclosed in their respective prospectuses. Like the charges imposed by First Clearing, mutual fund fees and charges are exclusive of and in addition to AMB's fees. Neither AMB nor AMBBS receives any portion of those fees or charges.

#### **Item 6 – Performance-Based Fees**

AMB does not charge any performance-based fees (fees that are calculated based on certain increases in the value of a client's investment assets).

#### **Item 7 – Types of Clients**

AMB provides portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, charitable institutions, foundations, endowments, municipalities, trusts and other U.S. institutions.

While AMB does not require a minimum investment amount in order to establish an account, we do reserve the right to not establish an account for a prospective client, particularly in those instances where it does not appear that the establishment of an account would be in the prospective client's best interests.

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

AMB's Portfolio Management Committee ("PMC"), which is comprised of our Portfolio Manager/Analyst and representatives of our Sales and Compliance Departments, selects specific investments for client accounts through a combination of fundamental and technical methods of analysis.

Fundamental analysis is a method of evaluating a company that has issued securities by attempting to measure the value of its underlying assets. This entails studying overall economic and industry conditions as well as the financial condition and the quality of the company's management. Earnings, expenses, assets, and liabilities are all important in determining the value of a company. The value is then compared to the current price of the company's securities to determine whether to purchase, sell or hold those securities.

Technical analysis is a method of evaluating securities by analyzing statistics associated with market activity, such as past prices and trading volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future performance.

The main sources of information used by our PMC to formulate investment advice and manage assets includes financial publications, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the SEC, company press releases and timing services.

AMB currently maintains six model portfolios:

- AMB Model Portfolio, which seeks capital appreciation and income with an emphasis on sector allocation;
- AMB Select Income Model Portfolio, which seeks capital appreciation and income by investing primarily in equity securities;
- AMB Select Growth Model Portfolio, which seeks capital appreciation through investments in large cap growth-oriented securities;
- AMB Growth and Income Model Portfolio, which seeks capital appreciation and income by investing primarily in equity securities;
- Core Equity Model Portfolio, which seeks long-term growth by investing in the securities of domestic companies that appear to offer superior opportunities for capital appreciation and income;
- ETF Model Portfolio, which seeks capital appreciation and income through investments in exchange traded funds.

Our PMC seeks to identify investments for each of our model portfolios that are consistent with the objectives, risk tolerances, and investment time horizons of each individual model portfolio. The PMC additionally establishes guidelines for determining when investments held in each model should be sold. The PMC applies a similar methodology in managing individual client accounts.

The PMC meets twice each week to monitor the performance of our model portfolios and to review individual client accounts. All client accounts are reviewed on at least a quarterly basis to confirm that investment portfolios adhere to each client's investment objectives, risk tolerances, and investment time horizons.

Because investing in securities (including investing through a model portfolio) involves the risk of loss, all clients should be prepared to bear that risk in their accounts.

### **Item 9 – Disciplinary Information**

AMB has not been the subject of any legal or disciplinary event that would be material to a client's evaluation of AMB or the integrity of AMB's management.

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

As previously explained, AMB has retained First Clearing to provide custodial services for its client accounts. First Clearing is a member of the New York Stock Exchange. First Clearing also provides clearing services for AMB's affiliate, AMBBS.

### **Item 11 – Code of Ethics**

We have adopted a Code of Ethics ("Code") to address the standard of business conduct required of our IARs and employees. An Investment Adviser is considered a fiduciary. As a

fiduciary, it is our responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. Our fiduciary duty is the core underlying principal for our Code of Ethics.

The Code includes our policies and procedures developed to protect your interests in relation to the following:

- the duty at all times to place your interests ahead of ours;
- that all personal securities transactions of our IARs and employees be conducted in a manner consistent with the Code and avoid any actual or potential conflict of interest, or any abuse of an IAR's or employee's position of trust and responsibility;
- that IARs may not take inappropriate advantage of their positions;
- that information concerning the identity of your security holdings and financial circumstances are confidential; and
- that independence in the investment decision-making process is paramount.

We will provide a copy of the Code to any client or prospective client upon request.

We do not buy or sell securities for our own account that we also recommend to you. Our IARs and employees are, however, permitted to buy or sell the same securities for their personal and family accounts that are bought or sold for your account. The personal securities transactions of our IARs and employees may raise potential conflicts of interest when they trade in a security that is owned by you or is being considered for purchase or sale for your account. We have adopted policies and procedures that are intended to address these conflicts of interest. These policies and procedures:

- require our IARs and employees to act in your best interest,
- prohibit favoring one client over another, and
- provide for the review of transactions to discover and correct any trade in an IAR's or employee's account that is affected in a manner inconsistent with our Code.

Our IARs and employees must follow our procedures when purchasing or selling the same securities purchased or sold for your account.

## **Item 12 – Brokerage Practices**

AMB generally recommends that First Clearing be designated as the custodian for client accounts. We are independently owned and operated and not affiliated with First Clearing. Our use of First Clearing is, however, a beneficial business arrangement both for us and for First Clearing, as described in more detail below. While the nature of our relationship with First Clearing may present a conflict of interest, we nonetheless strive to act in your best interests at all times.



Our recommendation of First Clearing is based, in part, on our existing relationship and on First Clearing's financial strength, reputation, the breadth of investment products is makes available, and the cost and quality of custody and brokerage services provided to our clients. The determining factor in the selection of First Clearing as a custodian is not the lowest possible overall cost, but rather whether First Clearing can provide what we believe to be the best qualitative execution of investment transactions for client accounts.

In addition to brokerage and custody services, First Clearing provides us with access to investments generally available to institutional investors, research, software, and educational opportunities. First Clearing may also make available or arrange for these types of services to be provided to us by independent third parties. First Clearing may discount or waive the fees it would otherwise charge for some of these services or it may also pay all or a part of the fees of a third party providing these services to us. First Clearing may also reimburse us or otherwise pay for expenses associated with client events we may conduct.

The services we receive from First Clearing are not contingent upon the volume of business we conduct. First Clearing does not refer clients to us. Many of the services described above may be used to benefit all or a substantial number of our clients, including clients whose accounts are not maintained through First Clearing. We do not attempt to allocate these benefits to specific clients.

First Clearing is compensated primarily through transaction-related fees associated with the securities transactions it executes for our client accounts. Those charges may be higher than commissions and other fees available if a client employed the services of another custodian. As previously noted, First Clearing pays AMBBS a portion (approximately 60%) of the transaction fees it charges. This presents a potential conflict of interest in that it may incentivize us to transact business through AMBBS and First Clearing rather than through other broker/dealers or custodians that are not affiliated with AMB. We believe, however, that the overall level of services and support provided to us and our clients by First Clearing outweighs the benefit of possibly lower transactions costs which may be available under other custodial arrangements.

Some investment advisers enter into "soft dollar" arrangements with broker/dealer firms. Under a "soft dollar" arrangement, an investment adviser directs the execution of client transactions to a particular broker/dealer to effectively compensate that broker/dealer for services it provides to the investment adviser (for example, providing investment research to the investment adviser. AMB does not participate in any "soft dollar" arrangements with other firms.

#### Directed Brokerage:

If a client directs AMB to execute a particular transaction through a custodian or broker/dealer other than First Clearing, those instructions must be in writing (which will generally be set forth in the Client Agreement). The client may at any time change those

instructions by giving us written notice. When we direct the execution of a transaction away from First Clearing, AMB will not negotiate commissions and may not be able to confirm that transactions are effected at the best available prices.

### Bunched or Blocked Trading

We may engage in “bunched trading” or “block trading,” which is the purchase or sale of an investment for the accounts of multiple clients in a single transaction. If a bunched or blocked trade is executed, each participating client receives a price that represents the average of the prices at which all of the transactions in a given bunch were executed.

As a matter of policy, AMB allocates each bunched or blocked transaction to client accounts before the order is placed. Transaction records will list the client accounts participating in each trade and the extent of their respective participation. Once a transaction is executed, allocations are made to client accounts according to that specified allocation.

All client accounts for which a bunched or blocked transaction is executed will be charged a pro rata share of the fees or expenses associated with the transaction. No client account will be favored over any other client account.

Client accounts participating in a bunched or blocked transaction will receive the average price on that transaction. Once a transaction is executed, however, subsequent orders for the same security on the same day may or may not be averaged with the previously filled orders for allocation purposes.

When a transaction is executed, changes in accounts participating in the transaction or the extent of their participation from that stated on the transaction record will be documented and must be approved by the Chief Compliance Officer. A transaction will be deemed to be “filled in its entirety” even if it takes more than a single day to complete the entire transaction, so long as there is a reasonable expectation that the order will be filled within a reasonable period. In such cases, the portion of the order completed each day ordinarily will be allocated in accordance with the preliminary allocation schedule.

When a bunched or blocked transaction is only partially filled (and there is no reasonable expectation that the entire transaction will be completed within a reasonable period), the order will, generally, be allocated among the participating clients on a pro rata basis.

Transactions for the accounts of AMB’s IARs and employees may be included with those of clients in a bunched or blocked transaction. Those transactions will be treated in the same manner as all other client transactions.

Allocation instructions will be given to First Clearing on trade date to ensure that certain accounts are not favored if there are subsequent price movements.

The Chief Compliance Officer will review each bunched or blocked transaction that is executed to ensure that it is executed in a manner consistent with AMB's policies and procedures.

### ***Other Factors in Determining Allocation Methodology***

In considering the execution of a bunched or blocked transaction, AMB will consider other relevant factors that could affect that determination, including, for example:

- Account-specific investment restrictions (i.e., a client's preference not to hold particular types of investments).
- Undesirable position size (where the amount allocated to an account on a pro-rata basis may create an undesirably small or large position).
- The need to restore appropriate balance to a client portfolio if it has become over or under weighted due to market movement.
- Client sensitivity to the turnover of investments in his/her portfolio.
- The client's tax status.
- Regulatory restrictions.
- Common sense adjustments that lead to cost savings or other transactional efficiencies.

### **Broker Selection/Best Execution**

On a quarterly basis AMB's Chief Compliance Officer and the Portfolio Management Committee evaluate the overall quality of transaction executions by First Clearing by obtaining and reviewing execution and routing reports from First Clearing's website. On an annual basis, the Chief Compliance Officer and the PMC will review the quality of First Clearing's execution and other services in relation to other viable vendors to determine whether or not to retain the relationship. In doing so, the Chief Compliance Officer and the PMC will receive input from AMB personnel involved with trading activities. This review will be documented and placed in a Best Execution/Broker Selection file.

While AMB places great importance on maintaining an ongoing custodial relationship for stability, service, loyalty, reputation and the attendant factors, the Chief Compliance Officer and the PMC will periodically evaluate the competitive environment for custodians and will evaluate the advantages or disadvantages of moving to another custodian.

### **Item 13 – Review of Accounts**

As previously noted, AMB's Portfolio Management Committee meets at least twice weekly to discuss investment strategies, securities, market outlook, and merits of individual issues in which AMB's clients are invested or which the PMC is contemplating for investment. The PMC also reviews the portfolios of individual clients to confirm that their portfolios are consistent with their respective investment objectives, risk tolerances, and investment

time horizons. Individual client accounts, whether managed individually or under one or more model portfolios, are reviewed at least once per quarter.

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

AMB has entered into written agreements with certain individuals and entities (referred to as AMB’s “Professional Partners”) under which AMB will compensate those individuals and entities for referring prospective clients to AMB. Payments are only made if a prospective client established an account through AMB and are calculated based on a percentage of the advisory fees charged to the client for investment advisory services. AMB currently has fee sharing arrangements with the following Professional Partners:

WealthAdvisors-SouthEast  
F. Alton Garrett  
Tillman Insurance  
AMB Client Services  
Ronald Ramsey  
Farmers and Merchants Bank  
John Murphy

AMBBS has entered into an agreement with TNB Financial Services (a division of Thomasville National Bank) under which free cash balances held for customers of AMBBS and clients of AMB can be swept into money market accounts held at Thomasville National Bank and TC Federal Bank. Under this arrangement, TNB Financial Services pays a fee to AMBBS on a quarterly basis equal to .08% of the average balance in those money market accounts maintained at Thomasville National Bank. AMB does not receive any portion of this fee. While the interest rate paid to AMB clients by Thomasville National Bank is higher than the interest rate that would otherwise be paid through First Clearing, this arrangement nonetheless presents a conflict of interest in that AMB might be incentivized to have client cash balances invested through Thomasville National Bank rather than through another financial institution that might pay a similar rate of interest. AMBBS regularly monitors the interest rates paid by Thomasville National Bank, First Clearing, and a representative sample of their competitors to ensure that clients are not disadvantaged by sweeping their money balances to Thomasville National Bank and TC Federal Bank.

#### **Item 15 – Custody**

Custody, as it applies to investment advisers, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds or securities. Under government regulations, AMB is deemed to have custody of client assets when the client authorizes us to instruct First Clearing to deduct our advisory fees directly from client accounts. Additionally, we are deemed to have custody when we execute certain authorized transactions (such as wire transfers, standing authority to move money to third party accounts, etc.) on behalf of clients. To the extent AMB is deemed to have custody of client funds and securities within

the meaning of applicable regulations, we will comply with the requirements of those regulations.

In order for a client to move money from his/her account to a third party (including, but not limited to, standing authority to move money), clients must provide instructions to First Clearing in writing. These written instructions will be required to include such details as the name of the third party, the address or account number of the third party, the amount of the money to be moved and the client's signature. Clients are able to terminate or change these instructions with First Clearing at any time. Account statements are delivered directly by First Clearing to each client at least quarterly and those statements will reflect any and all money movement in the account.

While AMB provides clients with periodic statements summarizing their accounts, the official records for each account is generated by First Clearing. Our statements may vary slightly from First Clearing's statements based on accounting procedures, reporting dates, and valuation methodologies used for certain securities. We reconcile our records of client accounts versus the records of First Clearing on a daily basis to confirm that they are substantively accurate.

We urge each client to carefully review these account statements they receive from First Clearing. Clients should verify that the transactions in their account are consistent with their investment goals and the objectives for their account. Clients are also asked to promptly notify AMB if First Clearing fails to provide statements any account they hold.

We also encourage clients to contact their IAR or our Chief Compliance Officer should any questions or concerns arise regarding their accounts.

#### **Item 16 – Investment Discretion**

As previously noted, AMB offers advisory services on a discretionary basis (meaning that we do not need advance approval from clients to determine the type and amount of securities to be bought and sold for their accounts) and on a non-discretionary basis (meaning that we need advance approval from a client to determine the type and amount of securities to be bought and sold for each transaction in the client's accounts).

We may only exercise discretion if a client has provided that authority to us in writing. That authorization is typically included in the investment advisory agreement a client enters into with us.

The discretionary authority clients grant to AMB does not provide us the ability to withdraw funds from their accounts (other than to withdraw our advisory fees, which may only be done with the client's prior written authorization).

We will exercise discretion in a manner consistent with the stated investment objectives, risk tolerances, and investment time horizons of each client. At any time, a client may place specific restrictions on the investments to be bought or sold in his/her portfolios.

Additionally, clients may effect transactions on an unsolicited basis in their investment portfolios.

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

Unless directed otherwise by a client, AMB receives and votes all proxies on behalf of its clients.

AMB strives to vote client proxies in what it believes to be the best interests of its clients. In general, this entails voting client proxies with the objective of increasing the long-term economic value of client assets. In determining the best interests of clients, AMB considers, among other things, the effect of the proposal on the underlying value of the securities (including the effect on marketability of the securities and the effect of the proposal on future prospects of the issuer), the composition and effectiveness of the issuer's board of directors, the issuer's corporate governance practices, and the quality of communications from the issuer to its shareholders.

When AMB votes proxies on behalf of clients, reasonable efforts will be made to monitor and keep abreast of relevant corporate actions. All applicable proxies will be voted and a record of such voting will be maintained.

A copy of AMB's complete Proxy Voting Policy is available to clients upon request.

### **Item 18 – Financial Information**

AMB has no financial commitments that impair its ability to meet contractual and fiduciary commitments to its clients. We have not been the subject of any bankruptcy proceedings.