

**Item 1 - Cover Page**

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**Aviance Capital Management**  
F o c u s e d   A s s e t   M a n a g e m e n t

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**Aviance Capital Management, LLC  
Part 2A of Form ADV  
The Brochure**

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**April 10, 2019**

Form ADV, Part 2 is our “Disclosure Brochure” or “Brochure” as required by the Investment Advisers Act of 1940.

***This Brochure provides information about the qualifications and business practices of Aviance Capital Management, LLC (“Aviance” or “Firm”). If you have any questions about the contents of this Brochure, or if you would like to request a copy of the Brochure free of charge, please contact Aviance’s Chief Compliance Officer (“CCO”), Teresa A. Koncick, at [tkoncick@aviancecapital.com](mailto:tkoncick@aviancecapital.com) or 941-724-8660. 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.***

Aviance is a registered investment adviser. Registration of an investment adviser does not imply any certain level of skill or training. Additional information about Aviance is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). This Brochure provides you with information in order to evaluate our firm and other advisers.

## **Item 2 - Material Changes**

This Aviance is owned primarily by Edward C. Bertelsen, Managing Member and CEO, and Christian C. Bertelsen, Managing Member and President. As of December 31, 2018, Donald A. Connelly, Director of Marketing, and Teresa A. Koncick, Executive Vice President, General Counsel and Chief Compliance Officer, no longer have any ownership interest in Aviance.

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#### **Item 4 - Advisory Business**

Aviance Capital Management, LLC (“Aviance”) is an SEC-registered investment adviser located in Sarasota, Florida. Aviance was formed in November 2006 and registered with the SEC in January 2007. Aviance is owned primarily by Edward C. Bertelsen, Managing Member and CEO, and Christian C. Bertelsen, Managing Member and President. Aviance has two primary lines of business: 1) Aviance offers investment strategies (“Strategy” or “Strategies”) for a range of investment objectives and risk tolerances that can be bought through wrap fee programs at registered brokerage and registered investment advisory firms; and 2) Aviance offers our Strategies through model delivery platforms whereby Aviance offers non-discretionary investment advice in the form of the relevant models.

Under wrap fee programs, Sponsor Firms (and the financial advisors at those Sponsor Firms) assist clients with the selection of Aviance (or they have the discretion to select Aviance for clients) to manage the assets in accounts maintained at the Sponsor Firm, collect Aviance’s investment advisory fee on behalf of the client (if any), monitor and evaluate Aviance’s performance, and provide custodial and execution services for the client’s assets. Aviance does not provide custodial services.

Aviance’s Core Strategies are discussed below, along with descriptions of other investment strategies utilized by Aviance.

-See next page for Aviance Strategies-

## AVIANCE STRATEGIES

Category	Strategy Name	ETF Only
Core	Core Income Core Income with Growth Dynamic Core	<input type="checkbox"/>
Moderate	Dynamic Moderate Moderate Growth with Income	<input type="checkbox"/>
Growth	Dynamic Aggressive Focused Growth	<input type="checkbox"/>
Explore	Enhanced Income Inflation Protection Preferred Stock Portfolio Efficient Balanced Efficient Growth Risk Focused All Seasons	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Endowments	Conservative Family Endowment Moderate Family Endowment Growth Family Endowment	

**Core:** Core strategies focus on generating income and limiting volatility. Capital appreciation is a secondary objective; however, Core Income with Growth emphasizes growth more than other strategies in this category.

**Moderate:** Moderate strategies balance capital appreciation and income generation. Limiting volatility is a secondary objective.

**Growth:** Growth strategies seek capital appreciation by investing in U.S. stocks, international stocks, and alternative investments with strong growth characteristics.

**Explore:** Explore strategies employ niche strategies, such as investing in preferred stocks, international allocations, or high yield securities, and are often used as a compliment to a portfolio's core strategy.

**Endowments:** Endowment strategies primary focus is to replicate the exposure typically associated with an endowment portfolio by placing a greater emphasis on alternative investments.

### Core Strategies

#### **Core Income**

##### **Conservative Income**

Core Income uses a blend of ETFs and individual stocks to form a balanced and diversified investment allocation. Its primary focus is to generate income, while limiting volatility over a long-term time horizon. Capital appreciation is a secondary objective. The Core Income strategy is also referred to as the Conservative Income strategy.

## **Core Income with Growth**

### **Conservative Income with Growth**

The Core Income with Growth strategy uses a blend of ETFs and individual stocks to form a balanced and diversified investment allocation. Its primary focus is to generate income, while allowing for capital appreciation and limiting volatility over a long-term time horizon. The Core Income with Growth strategy is also referred to as the Conservative Income with Growth strategy.

## **Dynamic Core**

### **Dynamic Conservative**

The Dynamic Core strategy uses a blend of ETFs to form a balanced and diversified investment allocation. Its primary focus is to generate income, while limiting volatility over a long-term time horizon. Capital appreciation is a secondary objective. The Dynamic Core strategy serves as a lower investment minimum alternative to the Core Income strategy. The Dynamic Core strategy is also referred to as the Dynamic Conservative strategy.

## **Moderate Strategies**

### **Dynamic Moderate**

Dynamic Moderate uses a blend of ETFs to form a balanced and diversified investment allocation. Its primary focus is to balance capital appreciation, income generation, and limit volatility over a long-term time horizon. The Dynamic Moderate strategy serves as a lower investment minimum alternative to the Core Income with Growth strategy.

### **Moderate Growth with Income**

The Moderate Growth with Income strategy uses a blend of ETFs and individual stocks to form a balanced and diversified investment allocation. Its primary focus is to seek capital appreciation and generate income. Limiting volatility is a secondary objective.

## **Growth Strategies**

### **Dynamic Aggressive**

Dynamic Aggressive uses a blend of ETFs to form a balanced and diversified investment allocation. Its primary focus is to seek capital appreciation. Limiting volatility is a secondary

objective. The Dynamic Aggressive strategy serves as a lower investment minimum alternative to the Focused Growth strategy.

## **Focused Growth**

Focused Growth uses a blend of ETFs and individual stocks to form a diversified equity allocation. Its primary focus is to seek capital appreciation by investing in U.S. stocks, international stocks, and alternative investments exhibiting strong characteristics for growth. Such characteristics include relative strength and revenue growth.

## **Explore Strategies**

## **Enhanced Income**

Enhanced Income uses a blend of ETFs and individual stocks to form a diversified and income-focused investment portfolio. Its primary focus is to generate a high level of income relative to equity indices, via a predominantly equity-oriented allocation. The Investment Committee determines areas of opportunity with high and stable income.

## **Inflation Protection**

Inflation Protection uses a blend of ETFs and individual stocks to form a portfolio of assets that are likely to appreciate during inflationary periods. Its primary focus is to invest in securities that would stand to profit or historically have profited from rising prices, such as those related to energy, materials, and real estate.

## **Preferred Stock Portfolio**

Preferred Stock uses a blend of ETFs and individual preferred stocks to form a focused and income generating investment portfolio. Its primary focus is to generate income consistent with domestic preferred stock indices while minimizing volatility. The Investment Committee identifies securities with favorable volatility and credit profiles.

## **Efficient Balanced**

Efficient Balanced uses a blend of ETFs to form a diversified, globally-allocated portfolio. Its primary focus is to balance capital appreciation, income, and limiting volatility by seeking the most attractive regions and sectors globally. It does so by analyzing factors such as company fundamentals, momentum, and valuation, and maintaining a core fixed income allocation.



## **Efficient Growth**

Efficient Growth uses a blend of ETFs to form a diversified, globally-allocated portfolio. Its primary focus is to generate capital appreciation by seeking the most attractive regions and sectors globally. It does so by analyzing factors such as company fundamentals, momentum, and valuation.

## **Risk Focused All Seasons**

Risk Focused All Seasons uses a blend of ETFs to form a diversified portfolio designed to perform well in several economic environments. Its primary focus is to generate consistent risk-adjusted returns during four economic seasons, identified by high or low expected economic growth with high or low expected inflation.

## **Endowment Strategies**

Endowments expand their portfolio to include a third dimension by using alternative investments. The primary benefit of using alternative investments in a portfolio is to augment the risk-adjusted returns provided by a two-dimensional stock-bond portfolio.

## **Conservative Family Endowment**

Conservative Family Endowment uses a blend of ETFs and individual stocks to form a conservative, diversified investment allocation. Its primary focus is to replicate the exposure typically associated with an endowment portfolio, by placing a greater emphasis on alternative investments, to complement a standard fixed income/equity allocation.

## **Moderate Family Endowment**

Moderate Family Endowment uses a blend of ETFs and individual stocks to form a moderate, diversified investment allocation. Its primary focus is to replicate the exposure typically associated with an endowment portfolio, by placing a greater emphasis on alternative investments.

## **Growth Family Endowment**

Growth Family Endowment uses a blend of ETFs and individual stocks to form a growth-oriented, diversified investment allocation. Its primary focus is to replicate the exposure typically associated with an endowment portfolio, by placing a greater emphasis on alternative investments.

## **Wrap Account Descriptions**

### **Separately Managed Accounts**

A Separately Managed Account (“SMA”) is an individually managed account offered by Sponsor Firms through one of their Financial Advisors, invested into a single strategy, and managed by the independent investment management firm (the “investment manager” or “manager”) who manages the selected strategy. These programs typically offer a wide array of strategies from various investment managers from which the client can choose. Aviance enters into agreements with Sponsor Firms to manage part or all of their clients’ portfolios.

When a client (or a client’s Sponsor Firm with discretion) selects an investment manager’s strategy for an SMA, the client will usually grant the investment manager full discretion (including trading discretion) over a portion, or all of the client’s account. With this authority, the manager directs trading activity in the account according to its investment process and securities selection discipline. Trading discretion requires the investment manager to seek best execution for trades executed in the SMA. Each SMA requires its own custodial account. As a result, a client who chooses to invest in multiple strategies, through one or more managers, maintains multiple custodial accounts at the Sponsor Firm – one for each strategy selected. Custodians generally are designated by the Sponsor Firm.

If selected to manage the assets in a client’s SMA(s) maintained by a Sponsor Firm, Aviance will provide investment management services on a discretionary basis to that client in accordance with the strategy(ies) selected by the client.

### **Unified Managed Accounts**

Unified Managed Accounts (“UMAs”) combine all of a client’s assets into a single account. A UMA typically holds multiple investment strategies, as well as other investment products such as mutual funds, individual stocks, or bonds, in the same custodial account at the Sponsor Firm. Similar to MDP accounts, in UMAs the investment manager delivers an investment model to the Sponsor Firm and often does not have trading discretion over the account.

### **Model Delivery Platforms**

Model Delivery Programs (“MDPs”) are a type of Wrap Fee/SMA program in which the investment manager does not direct trades and provides only a model portfolio to the sponsor. In these arrangements, it is usually the sponsor’s responsibility to execute trades. From the investment manager’s perspective, the service provided is characterized as non-discretionary investment advice because the investment manager does not have control over whether the trades are executed as intended. Aviance has agreements with certain Sponsor Firms to provide model portfolios to MDP clients for a negotiated fee. Under these arrangements Aviance will not have any direct agreement with the client, or discretion over the account. Aviance

provides the model to the Sponsor Firm, or through a trading platform, so that they may effect transactions in the account(s). Aviance's advisory fees are negotiable and will vary from program to program. For information on the specific billing schedule that would be applicable to an account, please contact your Financial Advisor.

Aviance does not operationally distinguish between UMAs and MDP accounts.

Clients should speak to their Financial Advisor about the similarities and differences associated with SMAs, UMAs, and MDP accounts so they fully understand their specific account structure.

### **Performance Differences Between Aviance SMA, UMA, and MDP Accounts**

While SMAs, UMAs, and MDP accounts utilizing the same Investment Solutions may perform similarly, there are expected to be performance differences between them. There will be performance dispersion between UMAs and MDP accounts as compared to SMAs because Aviance does not have trading discretion over the UMAs and MDP accounts. (For more information on Aviance's trading policies and procedures, please see Item 12 of this Brochure.) These variances will cause the accounts to achieve different performance.

### **Client-Imposed Restrictions for Separately Managed Accounts**

Generally, Aviance will not accept client-imposed restrictions on Separately Managed Accounts. (See Item 16 – Investment Discretion)

### **Other Investment Advisory Services**

Aviance will also investment advisory services to institutions, charitable organizations, foundations and high net worth individuals.

### **Additional Disclosures**

#### **Inverse/Enhanced Market Strategies**

Aviance may utilize long and/or 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 as a hedge 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 to seek increased gains in an advancing market. There can be no assurance that any such strategy will prove profitable or successful.

## **Limitations of Sub-Advisory Services**

Aviance generally serves as a sub-adviser to registered investment advisers according to the terms and conditions of a written Sub-Advisory Agreement. With respect to its sub-advisory services, the investment advisers that engage the Firm's sub-advisory services maintain both the initial and ongoing day-to-day relationship with the underlying client, including initial and ongoing determination of client suitability for Aviance's designated investment strategies and/or programs. If the custodian/broker-dealer is determined by the investment adviser, Aviance will be unable to negotiate commissions and/or transaction costs, and/or seek better execution. As a result, clients 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 through alternative clearing arrangements recommended by Aviance. Higher transaction costs adversely impact account performance. Aviance's Chief Compliance Officer, Teresa Koncick, remains available to address any questions concerning Aviance's sub-advisory arrangements.

## **Trade Error Policy**

Aviance shall reimburse accounts for losses resulting directly from Aviance's trade errors. Gains and losses from trade errors not resulting from Aviance are subject to the trade error policy of the custodian or Sponsor Firm.

## **Client Obligations**

In performing its services, Aviance 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. Each client is advised that it remains their responsibility to promptly notify Aviance or their Financial Advisor if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Aviance's previous recommendations and/or services.

## **Disclosure Statement**

A copy of Aviance's written Brochure as set forth on Part 2A of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the Investment Advisory Agreement.

As of December 31, 2018, Aviance had \$781,809,494 in assets under management on a discretionary basis.

## Item 5 - Fees and Compensation

Fees and compensation will vary depending upon certain factors, including but not limited to, the type of service provided, strategy and the type of account or program. Generally, the highest fee Aviance may charge is **0.65%** per year on assets under management, depending upon the type of account, program or negotiated fee with an institutional client. Clients for which Aviance provides sub-advisory services are generally required to maintain a minimum of \$50,000 of assets under management with Aviance. Neither Aviance, nor its representatives accept compensation from the sale of securities or other investment products.

### Dual Contracts

Under a dual contract arrangement, the client has one contract with the Sponsor Firm and another contract with Aviance. As such, the client pays Aviance an investment advisory fee in addition to the asset-based fee they pay to the Sponsor Firm for investment advice, custody, execution, and reporting. Aviance's advisory fee is negotiable, but typically does not exceed 0.50% per year on assets under management.

### Wrap Fee Programs/SMA

Clients generally pay an asset-based fee to the Sponsor Firm, and out of that fee, the Sponsor Firm is responsible for paying an investment advisory fee to Aviance as a manager. Specific information on the investment advisory fees payable to Aviance under a wrap fee program will be provided by the applicable Sponsor Firm. For information on the asset-based fees charged by the Sponsor Firm, clients should consult with the Sponsor Firm or refer to the Sponsor Firm's Wrap Fee Program Brochure. Aviance's advisory fees are negotiable and will vary from program to program, but typically do not exceed **0.50%** per year on assets under management. There are other non-asset-based fees that will be charged in the case of tradeaway transactions (see below).

### Model Provider Programs/UMA

Aviance has agreements with third-party firms to provide model portfolios to UMA and MDP clients for a negotiated fee. Under these arrangements Aviance will not have any direct agreement with the client. The fee is specified in the applicable agreement with the third-party firm and ranges from **0.25% to 0.50%** annually. Fees are calculated and charged monthly or quarterly in advance or in arrears in accordance with the agreement in place by the platform or firm which receives Aviance's model portfolios(s). The applicable portion of the fee is then remitted to Aviance. Please review your fees with your financial representative to determine if the fees are charged in advance or in arrears.

## Institutional and High Net Worth Clients

For certain institutional clients, such as foundations, trusts, charitable organizations, or high-net worth individuals, a minimum of \$1,000,000.00 of assets under management is generally required for services. The Investment Advisory Agreement between Aviance and such clients will continue in effect until terminated by either party by written notice in accordance with the terms of the Investment Advisory Agreement. Upon termination, Aviance shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter. Aviance, in its sole discretion, may charge a greater or lesser investment management fee and/or waive or reduce its minimum asset 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.).

### **Tradeaway Fees**

In cases where Aviance has trading discretion over a client account, Aviance, pursuant to its duty to seek best execution, may determine to execute using step-out transactions (also referred to as “trade-aways”), even though such transactions require additional costs not covered by the wrap fee.

Both in deciding to execute step-out securities transactions and in selecting a broker-dealer to do so, Aviance will consider a variety of factors, including:

- our experience with the firm on prices and other results obtained in prior trading transactions;
- the quality of the brokerage services provided to us (and thus to our clients);
- the liquidity of the security being traded;
- the level of commissions (or commission equivalents per share when traded on a net basis) charged by that firm;
- the firm’s ability to source liquidity in the underlying constituents when trading ETFs and the ability to provide transparency when doing so;
- the firm’s market making activity in a stock; the firm’s access to liquidity in the stock (described further below);
- the research (if any) services provided by the broker-dealer for the benefit of our clients;
- the speed and attention we receive from the trading desk for our clients; whether the firm has been able to trade anonymously for us (i.e., without others in the market knowing a buyer is interested in volume);
- whether the brokerage firm can and will commit its capital (if we request this) to obtain or dispose of the position for our clients;
- the market capitalization of the security being traded;
- interest in buying or selling a security within a certain timeframe and price range for all accounts;
- the use of limit orders and the likelihood of getting within the limit or missing the desired trade if the trading process takes too long;

- any pertinent or significant regulatory history;
- any particular trading expertise of the firm;
- access or potential access to blocks of a particular stock;
- market conditions at the time of the trade (both general conditions and conditions impacting the specific stock); and,
- any past issues we encountered when using a particular broker-dealer for similar trades.

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

Neither Aviance nor any supervised person of Aviance accepts performance-based fees.

## **Item 7 – Types of Clients**

Aviance provides investment advice to trusts, estates, charitable organizations, foundations, corporations, or other entities as well as other investment advisers and broker-dealers that sponsor SMA, UMA, and MDP programs. Aviance also provides investment advice to high net worth individuals.

Aviance may serve as a sub-adviser to investment advisors. A sub-adviser is an asset management firm hired by an investment adviser to help identify, evaluate and manage investments within a portfolio. Sub-advisers are typically selected based on their investment style, expertise and track record in a specific investment strategy. A sub-advisory relationship is usually governed by contract, which typically provides that the adviser is the main point of contact with the client throughout their relationship and is required to provide to the sub-adviser any information concerning a client's investment objectives and any restrictions for client accounts that the adviser deems relevant to the sub-adviser's responsibilities.

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

We believe that a strong investment process combines analysis, selection, and review. At Aviance, we develop an economic view with emphasis on the US and based upon macroeconomic, market, and third-party data. We then generate investment themes and base our investment decisions to align with those themes through fundamental, technical, and cyclical analysis. As part of this process, all investment selections undergo a risk management process, which seeks to proactively and reactively ensure that risk within each portfolio aligns with its stated risk tolerance and current investment objectives.

### **Aviance shall utilize the following methods of security analysis:**

- 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.



**Aviance shall utilize the following investment strategies when implementing investment advice given to clients:**

- Long-Term Purchases – Securities held at least 1 year.
- Short-Term Purchases – Securities sold within 1 year.
- Trading – Securities sold within thirty (30) days.

### **Investment Strategies**

Aviance'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. Currently, Aviance allocates client investment assets primarily among various individual equity and 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 basis in accordance with the client's designated investment objective(s).

### **Risk of Loss**

Investing in securities involves risk of loss. Diverse 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 Aviance) will be profitable or equal any specific performance level(s).

Equity pricing can rise and fall based on changes in an individual company's financial condition and overall market conditions. Stock prices can decline significantly in response to adverse market conditions, company-specific events, and other domestic and international political and economic developments. Exchange Traded Funds (ETFs) are subject to market risk, including the possible loss of principal. The value of the portfolio will fluctuate with the value of the underlying securities.

ETFs may trade for less than their net asset value. Some ETFs, such as fixed income ETFs, may carry additional risks related to liquidity. During periods of increased volatility and redemptions, fixed income ETFs may have to liquidate portfolio securities at disadvantageous prices and times, which could reduce the returns of the fund. High yield bonds are rated below investment grade, or are unrated, and investing in these securities means assuming additional risks including (i) higher credit risk, (ii) greater vulnerability to economic cycles, as such these bonds typically fall more in value than investment grade bonds during periods of economic downturn when the risk of default



risks, and (iii) greater liquidity risk. International investing involves risks, including risks related to foreign currency, limited liquidity, less government regulation, and the possibility of substantial volatility due to adverse political, economic, or other developments. These risks often are heightened for investments in emerging/developing markets or in concentrations of single countries. Investing in alternative investments involves higher risks than traditional investments. Alternative investment strategies use a variety of complicated investment techniques and involve complex securities. These can include but are not limited to, master limited partnerships, REITs, commodities, and derivatives primarily through ETFs.

## **Item 9 - Disciplinary Information**

Aviance has not been the subject of any disciplinary actions.

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

Aviance has no other relationship or arrangement with a related person that is material to its advisory business. Aviance attends conferences and other industry events which are sponsored by ETF Providers that manage assets of ETFs purchased in Aviance's strategies. Aviance may be invited to participate in discussion panels or give presentations concerning its strategies at these events. Additionally, ETF providers may distribute research reports, marketing materials, and other beneficial information to Aviance. As such, there may be a conflict of interest where Aviance is incentivized to use the investment products of certain ETF Providers due to the aforementioned items or other benefits. However, the Aviance Investment Committee selects securities based upon the merits of the securities within Aviance's products and not based upon any additional benefits which may be provided or made available to Aviance from the ETF Provider that manages the security. Neither Aviance nor the ETF Providers receive any direct compensation from each other as a result of these benefits.

Given this potential conflict of interest, a client can advise Aviance, in writing, not to purchase any such funds for the client's account and/or to impose limitations on the purchase thereof.

Aviance's Chief Compliance Officer, Teresa A. Koncick, Esq., remains available to address any questions regarding this potential conflict of interest.

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

Aviance maintains an investment policy relative to personal securities transactions. This investment policy is part of Aviance's overall Code of Ethics ("Code"), which serves to establish a standard of business conduct for all of Aviance's Supervised Persons that is based upon fundamental principles of openness, integrity, honesty, and trust. A copy of the Code of Ethics is available upon request.

The Code is distributed to each employee at the time of hire and at least annually thereafter upon any material changes. It is supplemented with annual training and ongoing monitoring of employee activity.

The Code includes provisions related to the following:

- Confidentiality of client information;
- Prohibitions on:
  - Insider trading (Aviance's policy prohibits any employee from acting upon, misusing, or disclosing any material, nonpublic corporate information, known as inside information, for their own benefit);
  - Accepting or giving gifts that exceed our internal limitations;
- Reporting of potential personal conflicts of interest;
- Reporting outside business activities;
- Reporting of political contributions;
- Reporting of gifts;
- Pre-clearance of all personal securities transactions as required by securities laws;
- Reporting of business entertainment;
- Quarterly and annual reporting of personal securities transactions; and
- Annual acknowledgment of the receipt and understanding of the Code of Ethics by all Supervised Persons. This includes verification of their compliance with the Code and identification of all securities accounts over which they exercise control.

Aviance and/or representatives of Aviance may buy or sell securities that are also recommended to clients. This practice may create a situation where Aviance 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.

Aviance has policies in place to detect and prevent insider trading by employees. As part of the Code of Ethics, each Access Person of Aviance 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 an annual written report of the Access Person's securities holdings and a quarterly report of transactions within thirty (30) days of the end of the calendar quarter. Aviance and/or representatives may buy or sell securities, at or around the same time (but not prior to client trades) as those securities are recommended to clients.

## **Item 12 - Brokerage Practices**

Aviance does not recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct Aviance to use a specific broker-dealer/custodian). Although the commissions and/or transaction fees paid by Aviance's clients shall comply with Aviance'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 Aviance 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 Aviance 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, Aviance's investment management fee. Aviance'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.

As of December 31, 2017, Aviance does not receive soft dollar credits.

### **Trade Rotation Policy**

Aviance manages assets for a variety of clients in various programs that use different custodians and broker-dealers for executing securities transactions. Aviance also has agreements with certain Sponsor Firms to provide model portfolios to Model Delivery Program (MDP) clients.

Aviance trade rotation policies are intended to allocate transactions equitably over time across its client base, including subadvisory clients and model delivery programs. Accordingly, we use a trade rotation strategy for executing client transactions and notifying model delivery programs of changes to the model. Pursuant to this strategy, we use a rotation schedule designed to equitably allocate transactions across all accounts that we manage on a discretionary basis and for model delivery programs so that each group of clients and MDP sponsors can expect to receive executions or signals at the beginning, middle and the end of the rotation over time. Trades and model signals are placed or proved as concurrently as possible. Circumstances may cause a particular sponsor or model delivery platform to be unable to receive trade instructions or model holdings; in such cases we cause trades to be effected and/or model changes provided to the next platforms in rotation until any issues are resolved. As a result, wrap accounts or model recipients will receive different and perhaps less favorable, prices for their transactions had the sponsor or model delivery platform received the instructions in the original trade rotation.

Aviance may utilize rotations or allocation methods other than those described above if we believe such rotation or method is appropriate under the circumstances and that such alternative rotation or method is generally fair and equitable. Any questions regarding our trade rotation policies should be directed to the Chief Compliance Officer.

### **Research and Other Soft Dollar Benefits**

Aviance may receive from a broker-dealer/custodian, investment platform, unaffiliated investment manager, and/or fund sponsor, without cost (and/or at a discount), support services and/or products, certain of which assist Aviance to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by Aviance may be 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 attendance at conferences, meetings, and other educational and/or social

events, marketing support, computer hardware and/or software and/or other products used by Aviance 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 Aviance in managing and administering client accounts. Others do not directly provide such assistance, but rather assist Aviance to manage and further develop its business enterprise.

Aviance's clients will not pay more for investment transactions effected and/or assets maintained at the broker-dealer/custodian as a result of any such arrangement. There is no corresponding commitment made by Aviance to any 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.

Aviance may 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 Aviance will not seek better execution services or prices from other broker-dealers or be able to aggregate the client's transactions for execution through other broker-dealers with orders for other accounts managed by Aviance. As a result, clients 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.

Higher transaction costs adversely impact account performance. Aviance's Chief Compliance Officer, Teresa Koncick, remains available to address any questions that a client or prospective client may have regarding the above arrangement.

### **Item 13 - Review of Accounts**

Aviance conducts representative account reviews on an ongoing basis to ensure that they are consistent with its model portfolios. For those clients to whom Aviance provides sub-adviser investment services, account reviews of underlying accounts are conducted on an ongoing basis by a third-party investment adviser and/or its representatives. Investment advisory clients are advised that it remains their responsibility to advise their financial advisor of any changes in their investment objectives and/or financial situation. Aviance may conduct account reviews on other than periodic bases upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections, and client request.

Quarterly Fact Sheets are provided to clients that focus on asset allocation and portfolio performance for each Aviance strategy. Clients of SMA sponsors can obtain copies of the Fact Sheets and their individual portfolios from the wrap program Sponsor Firms and/or their Financial Advisors. Wrap program Sponsor Firms may also provide performance reports to individual clients.

Members of the portfolio management group review model portfolios to measure how each sector or sub-set of the portfolio is performing relative to its benchmark(s). Particular attention is given to continued suitability of securities in relation to portfolios' investment objectives, performance of individual investments, and changes in company fundamentals, industry outlook, market outlook, price levels, and asset allocation policy changes.

Fundamentally, Aviance is an institutional investment adviser to other registered investment advisers, broker-dealers and managed account programs offering access to third-party managers and model providers. Aviance strategies are also available to high net worth individuals and charitable and educational institutions.

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

As referenced in Item 12 above, Aviance may receive an economic benefit from broker-dealers and/or custodians. Aviance, without cost (and/or at a discount), may also receive support services and/or products from broker-dealers. These may include access to a trading desk serving wrap program participants, the ability to have client fees deducted directly from client accounts, receipt of publications and proprietary research, and participation in conferences of the Sponsor Firms.

Aviance does not compensate, directly or indirectly, any person for client referrals.

#### **Item 15 - Custody**

Aviance does not have custody of client funds or securities.

#### **Item 16 - Investment Discretion**

Aviance generally does not allow clients to impose restrictions for their SMA accounts. For Foundations, Trusts, or High Net Worth Individuals, Aviance will consider requests for reasonable restrictions on their accounts. Aviance will only be bound by client-imposed restrictions that Aviance agrees to in writing. Placing restrictions will also affect the performance of the account relative to performance of the strategy without such restrictions.

#### **Item 17 - Voting Client Securities**

Aviance has retained the services of Egan-Jones Proxy Services (Egan-Jones), an independent proxy-voting service provider, to provide research, recommendations, and other proxy voting services for client Proxies. Absent a determination by Aviance to override Egan-Jones's guidelines and/or recommendations, Aviance will vote all client Proxies in accordance with Egan-Jones guidelines and recommendations which, per their policies, vote all proxies in the best economic interest of our clients.

Aviance also retains Egan-Jones for its turnkey voting agent service to administer its Proxy voting operation. As such, Egan-Jones is responsible for submitting all Proxies in a timely manner and for maintaining appropriate records of Proxy votes. Clients may elect not to engage Aviance to vote Proxies on their behalf.

#### **Item 18 - Financial Information**

Aviance is not required to include disclosures under this section.

#### **Item 19 - Requirements for State-Registered Advisers**

Aviance is an SEC-registered Investment Adviser and is not registered with any states. SEC registration does not imply a certain level of skill or training.