

**Item 1 – Cover Page**

**Steven L. Graham**  
**Allied Portfolio Management, Inc.**  
**5987 E. Grant Road**  
**Tucson, Arizona 85712**  
**520-296-1035**  
**alliedportfoliomangement.com**  
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This Brochure provides information about the qualifications and business practices of Steven L. Graham. If you have any questions about the contents of this Brochure, please contact us at 520-296-1035. 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.

Steven L. Graham is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Steven L. Graham also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated March 10, 2011 is a new document prepared according to the SEC’s new requirements and rules. As such, this Document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Steven L. Graham, President, of Allied Portfolio Management at 520-296-1035 or [steve@alliedportfolio.com](mailto:steve@alliedportfolio.com). Our Brochure is also available on our web site at [alliedportfolio.com](http://alliedportfolio.com) free of charge.

Additional information about Steven L. Graham is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any persons affiliated with Steven L. Graham who are registered, or are required to be registered, as investment adviser representatives of Steven L. Graham.

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## **Item 4 – Advisory Business**

Allied Portfolio Management, Inc. offers personalized investment advisory services to individuals, trusts, estates, charitable organizations, corporations, and other business entities.

Allied Portfolio Management Inc. is a privately held company. Steven L. Graham, licensed as an investment advisor representative, is president and sole owner of Allied Portfolio Management, Inc. Financial advising has been his sole career since moving to Tucson in 1985. Allied Portfolio Management is registered with the Securities and Exchange Commission.

Allied Portfolio Management provides non-discretionary portfolio management services in order to maintain client involvement in the investment process. As of March, 2011, Steven Graham is managing eighty million in client assets. Investment strategies are customized to meet the individual needs and investment objectives of the client. This customized investment strategy is based upon a clients current income/wealth, desired future income/wealth, planned retirement dates, employment and life style factors, risk tolerance, family and health considerations and may other factors which are unique to the client

Investment Services may include:

- Analysis of client's investments coming under Advisor's supervision;
- Determination of client's short and long-term investment objectives, time horizon, expectations, concerns, experience and risk profile;
- Development of an investment plan and related strategies designed to achieve client's objectives;
- Implementation of individual securities transactions;
- Monitoring the portfolio on a regular basis, rebalancing portfolio as necessary in keeping in line with portfolio objectives and recommending specific changes as various market conditions and client circumstances may require;
- Preparation of periodic (quarterly) portfolio reports for clients.

As a trusted advisor and due to the personal relationship developed with many clients, Steven Graham may be asked to offer financial advice through consultations not specifically related to portfolio management. Steven Graham may also provide financial planning related advice. A certain level of financial planning is utilized in order to set appropriate goals and customize strategy. Information obtained is used to identify risk tolerance, objectives, and appropriate asset allocation.

Steven Graham gives advice on (but not necessarily recommends) all types of securities that may include: Equity securities involving exchange-listed securities, securities traded over-the-counter and foreign issuers, warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities such as mutual fund shares, United States Government securities, and option contracts on securities.

## Item 5 – Fees and Compensation

All fees are subject to negotiation.

The specific manner in which fees are charged by Steven Graham is established in a client's written agreement with Allied Portfolio Management, Inc. Steven Graham will manage your account for a percentage of the assets under its management. The annual fee ranges from  $\frac{1}{2}$  to 1 percent to  $1\frac{3}{4}$  percentage depending on the size and complexity of your account. Steven Graham will generally bill its fees at the beginning of each quarter. With written client authorization, fees are directly debited from the client's account by the custodian. Management fees shall not be prorated for each capital contribution and withdrawal made during the applicable calendar quarter (with the exception of de minimis contributions and withdrawals). Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded on a prorated basis, and any earned, unpaid fees will be due and payable.

Steven Graham's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to Steven Graham's fee, and Steven Graham shall not receive any portion of these commissions, fees, and costs.

Steven Graham may charge up to \$150 dollars per hour for consultations, depending on the complexity of your financial situation. The fee is paid after the consultations. Steven Graham will give you advice on your financial concerns, including but not limited to: investment strategies, asset allocation and portfolio analysis, insurance planning, inheritances and college funding. You are the sole determinant of how many hours of financial counseling you will need and may cancel at any time.

Item 12 further describes the factors that Steven Graham considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

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

Steven Graham does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

## **Item 7 – Types of Clients**

Steven Graham provides portfolio management services to individuals, corporate pension and profit-sharing plans, trusts, estates, and charitable institutions, foundations, and endowments.

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

Steven Graham is strongly committed to structured asset class investing. Allied Portfolio Management implements Modern Portfolio Theory (MPT). MPT demonstrates that markets are inherently efficient and the efforts of stock pickers are futile over time. Allied Portfolio Management has access to high-quality institutional investment firms with a unique implementation of this theory into an entire diversified family of funds. Each fund captures the return behavior of an entire asset class, letting us accurately diversify client's investments across multiple assets classes-precisely incorporating the level of risk with which each investor is comfortable. Asset class investing is a systematic, global allocation of your portfolio.

Steven Graham's investment strategy focuses on investing for the long term. However, Steven Graham occasionally will implement advice given to clients that may include short term purchases (securities sold within the year), trading (securities sold within 30 days) and on rare occasions, short sales, margin transactions and option writing. All persons who provide advisory services through Allied Portfolio Management, Inc. must be a registered investment advisor licensed with the state of Arizona or the Securities and Exchange Commission.

Steven Graham **will not** exercise the authority to determine, without obtaining consent from clients, securities to be bought or sold, the amount of securities, the broker or dealer used, and the transaction fees paid. Allied Portfolio Management, Inc. or its related person does not solicit clients to invest in any partnership in which Allied Portfolio Management, Inc. or its related person is a partner. On occasion, Allied Portfolio Management, Inc. and/or its officers and employees may buy or sell securities that it recommends to clients. There is no conflict of interest as the securities are widely held and publicly traded and it is too small an advisor and investor to affect the market. In cases where same securities are held by applicant and client, the client's best interest always come first.

Steven Graham reviews managed accounts daily, financial planning accounts annually and accounts with other money managers, quarterly. The calendar is the triggering factor for

these reviews. Quarterly reports prepared by Steven Graham are dependent on the specific account characteristics. All Clients receive statements from their broker/dealers, mutual funds or any other money managers, as appropriate.

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

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Steven Graham or the integrity of Steven Graham’s management. Steven Graham has no information applicable to this Item.

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

Steven Graham is not actively engaged in any other business other than giving investment advice. He does not sell any product or services other than investment advice to clients. Steven Graham is not involved in any other financial industry activities or affiliations.

### **Item 11 – Code of Ethics**

Steven Graham has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Allied Portfolio Management, Inc. must acknowledge the terms of the Code of Ethics annually, or as amended.

Steven Graham anticipates that, in appropriate circumstances, consistent with clients’ investment objectives, it will cause accounts over which Steven Graham has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which Steven Graham its affiliates and/or clients, directly or indirectly, have a position of interest. Allied Portfolio Management employees and persons associated with Steven Graham are required to follow Steven

Graham's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of Allied Portfolio Management and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for Steven Graham's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Steven Graham will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of Steven Graham's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between Steven Graham and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with Steven Graham's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. Steven Graham will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

Steven Graham's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Allied Portfolio Management, Inc.

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



the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

## **Item 12 – Brokerage Practices**

Steven Graham may suggest brokers to clients, although the client is free to select any broker they wish. Brokers suggested to clients may charge higher commissions than those obtainable from other brokers in return for those same products and services. Steven Graham will recommend a custodian based on the custodian's costs, skills, reputation and compatibility with the client, and never upon a financial arrangement between the recommended custodian and Allied Portfolio Management.

The majority of clients with Allied Portfolio Management Inc. establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. a registered broker-dealer, member SIPC/NYSE. Schwab Institutional provides Allied Portfolio Management, Inc. with access to its institutional trading and operations services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers at no charge as long as they meet a required amount of assets. Schwab Institutional services may include research, brokerage, custody, access to mutual funds and other investments that are otherwise available only to institutional investors or would require significantly higher minimum initial investments. Schwab Institutional also makes available to Allied Portfolio management, Inc. fees from its client's accounts, and assist with back-office support and client reporting, record keeping and client reporting.

The availability to Allied Portfolio Management of the previous products and services described is not contingent upon Allied Portfolio Management committing to Schwab Institutional any specific amount of business (assets in custody or trading). In no event will advisor's clients pay higher commissions in order to obtain the benefit of such product or services. Allied Portfolio Management endeavors to select brokers or dealers that provide quality services at reasonable commission rates and fees. The reasonableness of commissions and fees is based on several factors, including the broker's ability to provide professional services, competitive commission rates, volume discounts, execution price negotiations, and other services.

## **Item 13 – Review of Accounts**

Steven Graham monitors client accounts on a continuous basis to ensure the allocation is consistent with the client's investment needs and objectives. Financial planning accounts and other money manager accounts are reviewed quarterly. The calendar is often the triggering factor for these reviews, although client life events, market volatility, and tactical reallocation and rebalancing can also prompt further assessment. Allied Portfolio

Management provides quarterly reports. Allied Portfolio Management may also prepare additional reports to help facilitate client meetings and account reviews. In addition to these reports, clients receive statements from their broker/dealers, mutual funds or any other money managers, as appropriate.

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

Clients are often referred to Steven Graham and Allied Portfolio Management because of relationships they may have with current clients or business associations. Steven Graham does not provide any direct or indirect compensation for such referrals.

#### **Item 15 – *Custody***

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

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

Allied Portfolio Management provides non-discretionary portfolio management services in order to maintain client involvement in the investment process. Steven Graham makes recommendations to clients based on the client's specified investment objectives.

When selecting securities and determining amounts, Steven Graham observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, Steven Graham's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

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

As a matter of firm policy and practice, Steven Graham does not exercise the authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Steven Graham may provide advice to clients regarding the clients' voting of proxies.

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

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Steven Graham's financial condition. Steven Graham has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.