



Firm Brochure

(Part 2A of Form ADV)

This brochure provides information about the qualifications and business practices of Alexandria Capital, LLC. If you have any questions about the contents of this brochure, please contact us at 202.391.0170 or email us at nbernier@alexandriacapital.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Alexandria Capital is available on the SEC's website at www.adviserinfo.sec.gov.

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MATERIAL CHANGES

Annual Update

The Material Changes section of this brochure will be updated annually when material changes have occurred since the previous release of the Firm Brochure.

Material Changes

On December 1st, 2017, Alexandria Capital, LLC (Alexandria) combined operations with FIC Capital, Inc. (FIC). The merger is the culmination of an extensive due-diligence period in which the two firms discovered deep similarities across cultures, operations, and investment philosophies. Like Alexandria, FIC (founded in 1988) has a long history of serving clients in a fiduciary capacity and an ongoing commitment to placing the best interests of clients as their only priority. Joining Alexandria as part of the combination are FIC's two primary principals, Jonathan Ferguson and Lawrence Waterhouse, along with a dedicated team of investment analysts and advisors.

Alexandria now has presence in Washington, D.C., New York City, Tarrytown, N.Y., and Boston with the firm's assets under management nearing \$1 billion.

The Firm Brochure may be requested by contacting us at 202.391.0170 or nbernier@alexandriacapital.com. Our Firm Brochure is also available on our website www.alexandriacapital.com.



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ADVISORY BUSINESS

Corporate Overview

Alexandria Capital, LLC (“Alexandria”) is a diversified financial services company comprised of *Private Wealth Services, Investment Management & Research, Qualified Plans, and Institutional divisions*. It is registered with the Securities and Exchange Commission as a registered investment adviser (“RIA”) and has completed all of the requisite notice filings with the appropriate state agencies.

As such, we are legally required to function as a “fiduciary,” as we have for over a quarter-century, to remain committed to the principle of “always placing our clients’ interests above all else.” We perform investment management and wealth advisory services for foundations, endowments, institutions, high net-worth individuals & families, trusts, and other financial stewards, guided by our unwavering commitment to fiduciary standards.

Our **THINKBRILLIANTPLATFORM™** offers availability and access to exceptional thinking and non-conflicted advice delivered with a value proposition that separates us from the rest of our competitors. We are able to offer exceptional services because many leading professionals embrace the opportunity to collaborate with like-minded peers to achieve greater effectiveness in solving problems and making the complex understandably simpler.

Our commitment to serving you, in the same dedicated way that we too would want to be served, aligns our continued success with your continued success. Our commitment is based on a culture that values *competence, objectivity, fortitude, and integrity*. Today, with advisory and research centers in New York City, Washington, DC, Tarrytown, NY and an advisory office in Boston, MA, we are helping our clients protect and grow their wealth in a manner befitting their lifetime of hard work and discipline.

Ownership

Alexandria Capital, LLC is independently owned by Alexandria PHL Investments, LLC (a Delaware Limited Liability Company), and FIC Capital, Inc. (a New York Corporation).

Augustine S.C. Hong and C. Steven Park are indirect owners of Alexandria due to their ownership interests in Alexandria PHL Investments, LLC, and Jonathan Ferguson and Lawrence Waterhouse are indirect owners of Alexandria due to their ownership interests in FIC Capital, Inc.



The Alexandria Difference

While all financial professionals and firms look and sound alike, there are **SIX** critical distinctions. You may find companies that have some of the qualities we possess but rarely will you see all **SIX** of our differentiating value factors in one advisory firm.



Independence | Your Fiduciary

Objectivity is a key pillar for our service and advice. Our independence allows us to advise you without the influences of any third party financial institutions and as an SEC-registered investment adviser, we are legally mandated to “always put your interest ahead of all else.”



Our Best Thinking | THINKBRILLIANTPLATFORM™

Gain unparalleled access to exceptional thinking. The Think Brilliant Platform attracts like-minded professionals with deep intellect and diverse experience to share and collaborate with one another and clients.



Customized Portfolios | Attention to Your Details

Your circumstances guide the way we build your portfolio. We tailor investments to your goals, income needs, tax situation and tolerance for risk.



Tax-Sensitive Investing | Keep More of What You Earn

Leverage our in-house tax capabilities for financial and investment decisions in the context of how they affect your after-tax performance.



A Legacy of Trust | Commitment to You

For over a quarter century, Alexandria has built a proud tradition of integrity, trust, and financial excellence. When you entrust Alexandria to serve as your investment or wealth adviser, you become part of our family and success.



People | Relationships You Can Invest In

We are a group of committed professionals with vast experience and industry credentials that require on-going continuing education. They typically hold one or more of the following credentials: *Certified Financial Planner (CFP®)*, *Chartered Financial Analyst (CFA®)*, *Certified Public Accountant (CPA)*, *Certified Private Wealth Advisor (CPWA®)*, and *Personal Financial Specialist (PFS)*. All employees go through a periodic audit and review of their activities with their supervisors to ensure accountability, transparency, and teamwork.

SERVICES

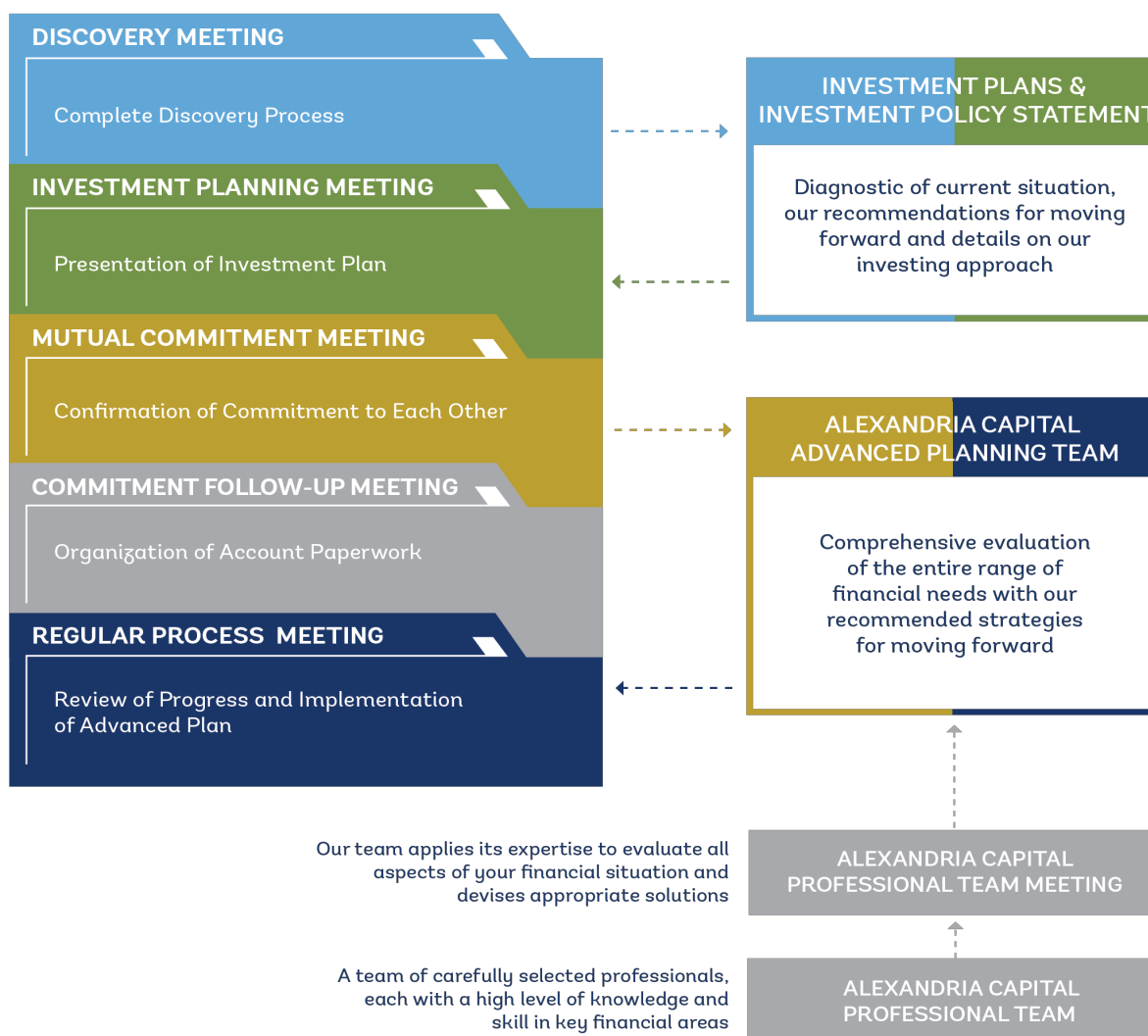


“Labore et virtute” (hard work and moral excellence)

Family Wealth Management

I-WIN™ Solution (*Integrated Wealth and Investment Navigation*)

Our Integrated Wealth and Investment Navigation Solution, I-WIN™ delivers dynamic solutions that live and change with you. Everything relating to your finances, regardless of where you are in life, is considered and understood in the context of your needs, wants and abilities – including investments, planning, and taxes. We help you achieve your goals on an ongoing basis and serve as your personal chief financial and investment officer.



Alexandria provides a structured process to address the following components of wealth:

- **Wealth Enhancement:** ongoing investment management, tax efficiency, and cash-flow management
- **Wealth Protection:** reducing exposure to unnecessary risks and liabilities.
- **Wealth Transfer:** coordinating financial activities with estate planning goals.
- **Charitable Giving:** aligning philanthropic activities with overall wealth management.

Investment Management & Consulting

Custom Portfolio Management Services - discretionary investment management of portfolios comprised of common stocks, preferred stocks, exchange-traded funds (ETFs), mutual funds, corporate and tax-exempt bonds and short-term reserves.

The investment process begins with formulating a client-centric strategy covering objectives, needs, time horizon, risk tolerance and any other desired investment restrictions or parameters. For example, if the client's primary objective is long-term growth, we will hold a higher percentage in equity-based securities than we would if the client were more income-oriented, or more risk-averse. For more risk-averse clients, a greater percentage in bonds usually is appropriate.

For inherited securities, concentrated positions, or any personal or tax sensitive positions, special policies can be implemented as we develop strategies to address these challenges. Ultimately, this understanding is memorialized in an "Investment Policy Statement" (IPS) and updated as needed.

A la Carte Services

- **Financial Planning Services** - an analytical process designed to organize financial data, identify needs and opportunities, and evaluate alternative courses of action. A financial plan may discuss current net worth, income tax issues, cash flow and budgeting strategies, specific investments and asset allocations, retirement planning, employee benefit plan analysis, estate and gift tax planning, education funding and risk management focusing on life, and health and disability coverage. Our process starts by listening, learning, and understanding our clients with the goal of developing a highly personalized strategy for the successful management of income, assets, and liabilities in meeting the client's financial goals and lifetime objectives.
- **Tax Planning and Tax Preparation Services** - Alexandria provides income, gift, and estate tax compliance and tax return preparation services.
- **Pooled Investments** – Alexandria provides investment advice to a limited partnership stock fund. This fund, with minimum investments of \$50,000, may be appropriate for clients seeking exposure to alternative investment strategies.
- **Other Financial Services** – Alexandria provides services to clients on matters not involving securities, such as bill payment, accounting, and financial data aggregation.



Employer Qualified Plan Clients

Alexandria Capital Qualified Plan and Solutions comprehensively services employer 401(k) and other defined contribution retirement plans by:

- Providing professionally managed investment models
- Acting as the plan's ERISA Section 3(38) investment fiduciary, thereby significantly limiting employer liability
- Offering plan employees information to help them determine their investment selections
- Guiding employers on other compliance issues and
- Coordinating the team of service providers that provide back-end support for employer plan(s).

Assets Under Management

As of December 31, 2017, Alexandria managed approximately \$991,220,000. Of this total, approximately \$952,070,000 was on a discretionary basis and \$39,150,000 on a non-discretionary basis.

FEES AND COMPENSATION

Family Wealth Management Clients

Alexandria's wealth management fees are based on the size of the pool of assets under management. The annual wealth management fee schedule ranges from 0.65% to 1.50% of Assets Under Management ("AUM"), with the effective rate generally reflecting the size, investment and service complexity, and composition of an account. This fee is billed quarterly in arrears or in advance and is based on the account asset value on the last business day of the immediately preceding quarter or the average net asset value ("Average NAV") of the AUM measured by the average monthly net assets in the account during the billing period.

The advance fee for new accounts (when substantial deposits may be received in several installments during the initial quarter), or for existing accounts when large (typically 20% of total household AUM) deposits or withdrawals occur during a quarter, are adjusted on a pro-rata basis. Pro-rata adjustment is made on the next quarterly invoice.

The annual minimum fee for clients is \$10,000 with an account size of \$1,000,000 and greater, subject to negotiation and company approval. For comprehensive wealth clients (iWIN Solutions), the annual minimum fee is \$30,000 with an account size of \$4,000,000 and greater, subject to negotiation and company approval.



Investment Management and Consulting Clients

For “Investment Management and Consulting only” services, the fees range from 0.65% to 1.50% of AUM, with the effective rate generally reflecting the size, investment complexity, and composition of an account. This fee is billed quarterly in arrears or in advance and is based on the account asset value on the last business day of the immediately preceding quarter or the average net asset value (“Average NAV”) of the AUM measured by the average monthly net assets in the account during the billing period.

The minimum AUM is \$500,000. Substantial (typically 20% of total household AUM) deposits and withdrawals will be adjusted on a pro-rata basis on the next quarterly invoice.

Employer Qualified Plan Clients

Employer Pension Plan Clients’ fees range between .35% to .90% of Assets Under Management. This fee is billed quarterly in arrears or in advance and is based on the account asset value on the last business day of the immediately preceding quarter or the average net asset value (“Average NAV”) of the AUM measured by the average monthly net assets in the account during the billing period. Fees are deducted directly from client accounts (clients may not select direct billing as payment method).

The minimum annual fee is \$20,000 but is subject to negotiation. There is no start-up or termination fee, nor will the Plan be subject to any penalties.

Tax Preparation and Financial Planning Fees

Alexandria Capital charges an hourly rate of \$150 to \$500 per hour for a written financial plan and time spent on preparing and filing tax returns. The anticipated required hours and rate, based on the complexity and the particulars of the case, are quoted prior to the contract being executed. Alexandria will, upon a client's request, continue to be available at the above rates for the implementation of the client's plan, any subsequent tax advice, evaluation, analysis function, or specific securities or investment related advice. Annual updates may also be provided upon contracting with the client.

Other Services Fees

The fee for our limited partnership stock fund is 1% per annum, billed monthly based on the average month-end value of the fund.

In addition to the Alexandria Capital management fee, clients engaged in any (third-party) separate account manager strategies will incur the cost associated with the separate account manager.

Other a la Carte service fees will be based on the scope of the relationship and services provided. The fee will be determined before any engagement.

Termination of Client Relationship

Our fees are stated in the Advisory Agreement that each client signs. This Agreement defines our



client relationship, including the services we will provide and the client's obligations to us. A new client may terminate an Advisory Agreement within five days of the date of acceptance without any cost to the client. After the five-day period, either party may terminate for any reason upon receipt of thirty days written notice. The client will incur a pro-rata charge for bona fide services rendered during the term of the Advisory Agreement. Upon termination, any prepaid unearned fees will be promptly refunded to the client.

Direct Debiting of Client Accounts

Clients may elect to be directly billed for our services or to have the custodian for the investment account deduct our fees from the investment account. The client must provide written authorization permitting the custodian to enable Alexandria to debit directly from the investment account.

The account must be held by a qualified independent custodian, and the qualified custodian must agree to send to the client an account statement each month. Each monthly account statement must indicate all amounts disbursed from the account including fees paid directly to Alexandria. Clients are informed that it is their responsibility to verify the accuracy of the custodian statement and fee calculation. The investment account custodian will not be responsible for the correctness of Alexandria's fee calculations.

Mutual Fund, Index Fund, Exchange Traded Fund (ETF) Fees

In addition to our Management Fee, clients will also incur charges imposed at the fund level (e.g., management fees, other fund expenses and short-term redemption fees) to the extent mutual funds, index funds, and ETFs are incorporated into an account investment strategy. In addition, clients will incur any transaction charges, including short-term redemption fees, imposed by the custodian. Please note that Alexandria does not receive any of these fees.

Trading and Other Costs

Our wealth management fees are separate and distinct from transaction fees charged by broker-dealers associated with the trading of securities in investment accounts. Such fees may include commissions, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Please refer to Brokerage Practices of this brochure for additional information.

Custodians may charge an annual custodian fee plus transaction fees on purchases or sales of securities executed with an outside broker.

Commissions

When clients purchase insurance, annuities, or other products through independent insurance agencies, our commitment for obtaining the best overall value (and only assisting to implement policies or products that serve a bonafide purpose) may result in a commission that is embedded in the cost of the product. In such circumstances, appropriately licensed individuals of Alexandria may receive a portion of the commission typical of such transactions. If commissions are anticipated or received, they will be clearly disclosed to the client as part of our effort to assure objectivity and our



commitment to providing the best value and overall experience for clients.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Alexandria does not charge any performance-based fees or engage in the practice known as side-by-side management.

TYPES OF CLIENTS

Family Wealth and Investment Management

Alexandria offers personalized wealth management and investment management services to individuals, families, and their related trusts and estates. Services may extend to other entities related to the client, such as small businesses, charitable organizations, including foundations, endowments, and other entities. Client relationships vary in scope and length of service.

We generally require a minimum of \$1,000,000 for Family Wealth accounts and \$500,000 for Investment Management only accounts; both are subject to negotiation. We may waive this minimum requirement based on the facts and circumstances.

Employer Qualified Plan

Alexandria Capital offers 3(38) fiduciary investment and compliance services for employer qualified plans.

Alexandria typically services plans with assets of \$3 million to \$80 million. However, as with the family wealth management services, exceptions may be permitted at Alexandria's discretion.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES & RISK OF LOSS

Methods of Analysis

Our methods of economic, market and security analysis include fundamental analysis, quantitative techniques, and technical analysis. Our principal sources of information include financial newspapers and magazines, public and private databases, inspections of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the Securities and Exchange Commission, company press releases, as well as discussions and meetings with company management teams and investment company representatives.

Managing Risk, Return & Cost



- Risk**
 Risk is managed through diversification across types of securities, markets, capitalization groups, economic sectors, industries, and individual securities as well as being sensitive to both market and individual security price levels and valuations.
- Return**
 Alexandria's research and analysis seeks to capture attractive returns by tactically identifying undervalued companies, sectors, and asset classes. Our research focuses on identifying and understanding the risk factors that drive investment performance. At the asset class or industry sector level, these risk factors can include company size, quality, economic sensitivity, and valuation. Additional risk factors analyzed at the individual company level, which can include relative capital intensity, management quality, and balance sheet strength.
- Cost**
 Costs have a direct impact on investment performance and can shape how advisers serve clients. Alexandria is a fiduciary adviser, and as such, we strive to minimize costs whenever possible and practicable as part of our investment strategies, and we are transparent on all costs and only make recommendations that are absolutely in the best interest of our clients.



Investment Strategies

At the individual account level, investment strategy allocations are customized in collaboration with clients based upon the client's objectives and constraints that are described in the Investment Policy Statement.

Alexandria manages multiple proprietary investment strategies for the benefit of its clients. Depending upon client objectives and constraints, Alexandria may also access third-party strategies that provide a more diverse solution set in order to fine tune the risk and return profile of client accounts.

Across our proprietary investment strategies, asset allocation is determined through an analysis of fundamental economic and monetary factors that influence the stock and bond markets, industry sectors, and geographies. Within the framework of each of our strategies, investments are diversified among U.S. equities, foreign equities, and fixed-income holdings. Depending on the needs of the client, Alexandria may supplement our investment strategies with client specific strategies, including currency hedging and option writing.

Investments may be held with a short-term or long-term view.

We may also analyze, evaluate and recommend the use of third-parties (independent professionals, firms, and institutions) that may provide investment management services for certain clients. Often



referred to as "Separate Account Managers" (SAMs) these organizations may serve as sub-advisors for certain client accounts. Alexandria will provide overall direction and supervision of such SAM accounts as well as monitor performance and continued adherence to the targeted investment style.

Types of Investments

Investment advice may be offered on any investments held by a client at the start of the advisory relationship. Recommendations for new investments will typically be limited to domestic or foreign debt and equity securities, United States municipal and government securities, United States registered mutual funds and exchange-traded funds, real estate investment trusts (REITs), direct participation programs such as limited partnerships, private placements, and options.

Options Strategies

Alexandria makes available to its clients a variety of options strategies to assist in protecting portfolios, building asset exposure and enhancing cash flow.

Strategy Overview

- **Protection** – PUT options on individual holdings (e.g., stocks, ETFs or a broad index) may be purchased to help offset a material downside move. Similarly, a “collar” may be employed on specific portfolio holdings. A collar involves the purchase of an out-of-the-money PUT, partially or entirely financed by the sale of an out-of-the-money CALL.
- **Building asset exposure** – As a limit order alternative, cash secured PUT options may be sold to generate cash flow and build asset exposure. Another strategy that may be employed to build asset exposure is the purchase of CALL options on stocks, ETFs or broad indexes.
- **Cash Flow and protection** – Covered CALL selling against existing positions (stocks and ETFs) may be employed to generate cash flow and help mitigate adverse moves.
- **Advanced** – Tax-advantaged cash flow generation using an index option overlay: This strategy entails the sale of an out-of-the-money index CALL option and/or an out-of-the-money index PUT option to generate monthly cash flow. Index CALL and index PUT options are purchased to protect an adverse move in the underlying index.

Cash Management

Cash is invested in a money market fund or FDIC-insured deposit account at the discretion of Alexandria.

Risk of Loss

All investment programs have risks that are borne by the investor. Our investment approach keeps the risk of loss in mind. Investors face the following general investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.



- **Market Risk:** The price of any security, including bonds, ETFs or mutual funds may drop in reaction to tangible and intangible events and conditions independent of the security itself. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power will erode at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, an oil company's profits depend on finding oil and then refining it, a lengthy process that is exposed to commodity prices and successful execution by company management.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash without incurring a significant reduction in the price. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business's operations generates risk because the company must meet the terms of its obligations in good times and in bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and declining market value.
- **Options:** There are numerous risks associated with transactions in options on securities or securities indexes. A decision as to whether, when and how to use options involves the exercise of skill and judgment, and even a well-conceived transaction may be unsuccessful to some degree because of market behavior or unexpected events. As the writer of covered call options, the client forgoes, during the option's life, the opportunity to profit from increases in the market value of the underlying security or the index above the sum of the option premium received and the exercise price of the call, but has retained the risk of loss, minus the option premium received, should the price of the underlying security decline. In the case of index options, the client incurs basis risk between the performance of the underlying portfolio and the performance of the underlying index.

DISCIPLINARY INFORMATION

Neither Alexandria nor any of its Investment Advisory Representatives have ever been disciplined by a regulatory agency.



OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Alexandria Capital is registered with the United States Securities and Exchange Commission.

With Client approval, we may use separate account managers. Potential conflict of interest may exist when recommending a sub-advisor to clients, Alexandria may share in the revenue generated by the sub-advisor. To prevent conflict of interest, all recommendations must follow the firm's fiduciary mandate, to always act in the best interest of the clients.

CODE OF ETHICS

Alexandria Capital has adopted a Code of Ethics that is designed to comply with Rule 204A1 under the Investment Advisers Act of 1940 ("Advisers Act"). The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, 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 employees must annually acknowledge their understanding of the Code of Ethics.

This Code establishes rules of conduct for all employees of Alexandria. The Code is based upon the principle that Alexandria and its employees owe a fiduciary duty to Alexandria's clients to conduct their affairs, including their personal securities transactions, in such a manner as to avoid:

- Serving their personal interests ahead of clients.
- Taking inappropriate advantage of their position with the firm.
- Any actual or potential conflicts of interest or any abuse of their position of trust and responsibility.

Alexandria's Code of Ethics requires all employees to report personal securities transactions and provide a detailed summary of all holdings and securities accounts upon commencement of employment and quarterly thereafter, in which such Employees have a direct or indirect beneficial interest.

Alexandria's Code of Ethics is available for review by clients and prospective clients upon request.

BROKERAGE PRACTICES

Broker Selection

Alexandria generally has the authority to determine the securities to be purchased or sold for clients. Alexandria also has the authority to select the executing brokers and to determine the amount of commissions to be paid, subject to principles of best execution (detailed below). Unless otherwise instructed, Alexandria will recommend that clients utilize the brokerage and custodial services of TD Ameritrade, Charles Schwab, Pershing, or Bank of America. Historically, the securities purchased or sold for client accounts are most often executed by the broker/custodian holding the client's account.



Alexandria does not receive fees or commissions from any of these arrangements.

Alexandria may accept client instructions for directing the client's brokerage transactions to a particular broker-dealer. For some clients, Alexandria manages assets in clients' companies' Qualified Retirement Plans, where the clients' firm designates the custodial arrangement.

In instances where a client designates a specific broker-dealer, Alexandria may not have authority to negotiate commissions, best execution may not be achieved, and there may be a disparity in commission charges between clients.

Best Execution

Best execution has been defined by the SEC as the "execution of securities transactions for clients in such a manner that the client's total cost or proceeds in each transaction is the most favorable under the circumstances." In seeking best execution, the determinative factor may not be the lowest possible commission cost but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services that benefit clients, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although we will seek competitive commission rates, we may not necessarily obtain the lowest possible commission rates for account transactions.

Soft Dollars

Alexandria maintains "soft-dollar" relationships with several brokerage firms. "Soft-dollar" programs enable Alexandria to accumulate credits when executing transactions with brokerage firms that offer "soft-dollar" programs. "Soft-dollar" credits, which are a negotiated portion of the commissions charged by an executing broker, are set aside for the purchase of research and services that directly benefit clients. Alexandria's use of "soft-dollars" is intended to comply with the requirements of Section 28(e) of the Securities Exchange Act of 1934, which provides a "safe harbor" for investment managers who use commissions or transaction fees paid by their advised accounts to obtain investment research services that provide lawful and appropriate assistance to the manager in performing investment decision-making responsibilities. As required by Section 28(e), Alexandria will make a good faith determination that the amount of commission or other fees paid is reasonable in relation to the value of the brokerage and research services provided.

"Soft-dollar" programs enable Alexandria to obtain a broad range of information and ideas that are helpful in managing client portfolios in a rapidly changing world. These services involve domestic and international economic analysis, investment strategies and individual company research. These soft-dollar relationships also enable us to technology solution that bring this investment research, data, analytics, and pricing data to us promptly. Soft-dollar programs are negotiated and managed with an objective of keeping overall execution costs and annual account commissions competitively low, while enabling Alexandria to access some of the value-added services and research available at various brokerage firms. While the brokerage charges on these soft-dollar trades are executed at a small premium to the pure execution cost of the trades, the access to research is essentially in the clients' interest.

Soft-dollar expenditures are made in accordance with a budget determined by our investment professionals based on their evaluation of the value of the individual services and their contribution to our clients' portfolios. To the extent that this information is incorporated into our decision-making process and then applied to all of our portfolios, each of our client portfolios benefits from these soft-



dollar relationships. The use of soft-dollars to cover the cost of research and other services we use is reviewed and approved by our Investment Committee.

Alexandria has a relationship with Jefferies & Company where that firm may pay for our subscription to Thomson One Analytics, an electronic investment data and research delivery system and Pershing Advisor Solutions LLC may pay for a portion of our Bloomberg subscription in return for our using them as one of our brokers.

Alexandria maintains institutional relationships with several firms, including Jefferies & Company, Bank of America, TD Ameritrade Institutional, and Pershing Advisor Solutions LLC, a division of the Bank of New York Mellon. Alexandria's institutional relationships provide a multitude of capabilities and services, including independent custody of client assets and securities, trade execution, clearance, settlement, block trading, pricing, compliance guidance, among other benefits. Notwithstanding "soft-dollar" programs, Alexandria's institutional relationships generally provide clients with highly cost effective, professional, and operationally efficient execution, custody, and ancillary services.

The following review of our relationship with TD Ameritrade Institutional is provided to comply with TD Ameritrade requirements:

Alexandria participates in the institutional advisor program (the "Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance, and settlement of transactions. Alexandria Capital receives some benefits from TD Ameritrade through its participation in the Program.

As disclosed above, we participate in TD Ameritrade's institutional customer program and may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between our participation in the program and the investment advice we give to our clients, although we receive economic benefits through our participation in the program that is typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors. TD Ameritrade may also pay for business consulting and professional services received by related persons and us. Some of the products and services made available by TD Ameritrade through the program may benefit Alexandria but may not benefit our client accounts. These products or services may assist us in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by Alexandria or its personnel through participation in the program do not depend on the number of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, we endeavor at all times to put the interests of our clients first. clients should be aware, however, that the receipt of economic benefits by Alexandria or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Alexandria's choice of TD Ameritrade for custody and brokerage services.



Alexandria also receives from TD Ameritrade certain additional economic benefits (“Additional Services”) that may or may not be offered to any other independent investment advisors participating in the program. Specifically, the Additional Services include Orion and FinFolio.

TD Ameritrade provides the Additional Services to us in its sole discretion and at its own expense, and we do not pay any fees to TD Ameritrade for the Additional Services. Alexandria and TD Ameritrade have entered into a separate agreement (“Additional Services Addendum”) to govern the terms of the provision of the Additional Services.

Alexandria’s receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to us, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, Alexandria’s client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with us, in its sole discretion, provided certain conditions are met. Consequently, to continue to obtain the Additional Services from TD Ameritrade, Alexandria may have an incentive to recommend to its clients that the assets under management by Alexandria be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. Our receipt of Additional Services does not diminish its duty to act in the best interests of our clients, including to seek best execution of trades for client accounts.

We consider some factors in selecting brokers and custodians at which to locate (or recommend location of) our client accounts, including, but not limited to, execution capability, experience and financial stability, reputation and the quality of services provided. In selecting TD AMERITRADE Institutional (“TD Ameritrade”) as the broker and custodian for certain of our current and future client accounts, Alexandria takes into consideration its arrangement with TD Ameritrade as to obtaining price discounts for TD Ameritrade’s automatic portfolio rebalancing service for advisors known as “iRebal.”

The standard iRebal annual license fee applicable to Alexandria is \$26,000.00. That fee is subject to specified reductions (and even complete waiver) if specified amounts of client taxable assets are either already on the TD Ameritrade platform or are committed to be placed on it. Specified taxable client assets either maintained on or committed to the TD Ameritrade platform will bring fee reductions of up to \$26,000.00 per year for each of as many as three years or more.

The non-taxable assets excluded from the maintenance and commitment levels described above are those that constitute “plan assets” of plans subject to Title 1 of the Employee Retirement Income Security Act of 1974, amended, or of plans, as defined in Section 4975 of the Internal Revenue Code (which include IRAs).

If Alexandria does not maintain the relevant level of taxable assets on the TD Ameritrade platform, we may be required to make a penalty fee payment to TD Ameritrade calculated on the basis of the shortfall.

Although we believe that the products and services offered by TD Ameritrade are competitive in the marketplace for similar services offered by other broker-dealers or custodians, the arrangement with TD Ameritrade as to the iRebal service may affect Alexandria’s independent judgment in selecting or maintaining TD Ameritrade as the broker or custodian for client accounts.

Aggregation of Orders

Alexandria Capital will aggregate orders with respect to a security if such aggregation is consistent



with achieving best execution for the various client accounts. When orders are aggregated, each participating account receives the average share price for the transaction and bears a proportionate share of all transaction costs, based upon each account's participation in the transaction, subject to Alexandria's discretion, depending on factual or market conditions and the duty to achieve best execution for client accounts. Clients participating in block trading may include proprietary or related accounts. Such accounts are treated as client accounts and are neither given preferential nor inferior treatment versus other client accounts. Alexandria does not receive additional compensation or remuneration of any kind arising out of the aggregation of client trades.

Allocations of orders among client accounts must be made in a fair and equitable manner. Generally, allocations among accounts with the same or similar investment objective are made pro rata based on the size of the accounts. There is no allocation to an account or set of accounts based on account performance or the amount or structure of management fees. However, the following factors may justify an allocation that deviates from the general rule:

- Specific allocations may be chosen based upon an account's existing positions in securities.
- Specific allocations may be chosen because of the cash availability of one or more particular accounts or because of re-balancing or other account-specific considerations.
- Specific allocations may be chosen based on a partial fill of the block trade.
- Specific allocations may be chosen for tax reasons.

REVIEW OF ACCOUNTS

Family Wealth and Investment Management Clients

We monitor client accounts on a continuous and best efforts basis and conduct formal reviews with our clients. Factors that may trigger a review are changes in investment strategy, large deposits or withdrawals, changes in tax laws, and changes in the client's financial situation.

Account reviews are performed by the assigned relationship manager / portfolio manager.

Reports to Family Wealth and Investment Management Clients

Alexandria will render a report to each client on a quarterly basis, which details the client's portfolio valuation at the end of a calendar quarter, investment gains and losses, and time-weighted return performance. Clients will also receive monthly investment account statements directly from their Custodian. Clients can review their investment accounts at any time on their Custodian's secure website. Also, clients receive a weekly update on the financial markets.

Employer Pension Plan Clients

Alexandria Capital does not review individual retirement plan accounts for Employer Qualified Plan



clients' employees. Alexandria does rebalance Employer Pension Plan's managed investment models when necessary and as determined by Alexandria.

CLIENT REFERRALS AND OTHER COMPENSATION

Client Referrals

Alexandria has agreements with firms and individuals, referred to as Solicitors, through which such persons are compensated for (1) referring prospects who subsequently become clients of Alexandria and (2) providing, or for being prepared to provide, certain non-investment related services as required by such clients or requested by Alexandria. Solicitor's fees are negotiable but generally range between 10% and 20% of the quarterly fees paid to Alexandria for investment management services. Alexandria's standard investment advisory fees are not increased because of these agreements, nor is any additional charge passed along to a client in any way for the Solicitor's services. The relationship between Alexandria and a Solicitor is fully disclosed to prospects prior to them becoming clients of Alexandria.

Alexandria has a referral Agreement with Seaport Securities, a New York broker/dealer, and ZigIQ, Inc. under which they refer clients. On the approval of the referred client, the management fee is shared between the respective company and Alexandria. Alexandria also has a referral agreement with TD Ameritrade through our participation in TD Ameritrade's AdvisorDirect program (see immediately below for more details).

The following review of our participation in the TD Ameritrade AdvisorDirect program is provided to comply with TD Ameritrade requirements:

Alexandria may receive client referrals from TD Ameritrade through its participation in TD Ameritrade AdvisorDirect. In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, we may have been selected to participate in AdvisorDirect based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with Alexandria, and there is no employee or agency relationship between us. TD Ameritrade has established AdvisorDirect as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. TD Ameritrade does not supervise Alexandria and has no responsibility for Alexandria's management of client portfolios or other advice or services. We pay TD Ameritrade an on-going fee for each successful client referral. This fee is usually a percentage (not to exceed 25%) of the advisory fee that the client pays to Advisor ("Solicitation Fee"). Alexandria will also pay TD Ameritrade the Solicitation Fee on any advisory fees received by Alexandria from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hired Alexandria on the recommendation of such referred client. Alexandria will not charge clients referred through AdvisorDirect any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to TD Ameritrade to its clients. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade AdvisorDirect Disclosure and Acknowledgement Form.

Alexandria's participation in AdvisorDirect raises potential conflicts of interest. TD Ameritrade will most likely refer clients through AdvisorDirect to investment advisors that encourage their clients to custody their assets at TD Ameritrade and whose client accounts are profitable to TD Ameritrade.



Consequently, to obtain client referrals from TD Ameritrade, we may have an incentive to recommend to clients that the assets under management by Alexandria be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. Also, Alexandria has agreed not to solicit clients referred to it through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. Alexandria's participation in AdvisorDirect does not diminish its duty to seek best execution of trades for client accounts.

Additional referrals come from current clients, estate planning attorneys, accountants, personal friends of employees and other similar sources. The firm does not compensate referring parties for these referrals.

Alexandria does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

OTHER COMPENSATION

Alexandria participates in institutional service programs with several institutional brokers and custodians. While there is no direct link between the investment advice given and participation in the institutional program, economic benefits are received which would not be received if Alexandria did not give investment advice to clients. These benefits include: receipt of duplicate client confirmations and bundled duplicate statements, access to a trading desk servicing institutional advisors exclusively, ability to have investment advisory fees deducted directly from a client's account, availability of electronic communications software and networks for order entry, account information, quotes, general business and securities information; receipt of compliance and investment publications; and access to mutual funds which may waive stated minimum initial investments or which may only be available to customers of institutional clients. Alexandria may also have access to certain share classes, typically called Class I shares, which are unavailable to others, based on Alexandria's willingness to commit to investing a specific dollar amount in the mutual fund(s) offering the Class I Shares.

Also, broker-dealers, and mutual fund sponsors with whom client accounts are maintained, or clients' funds are invested, often offer advisors other benefits which may not be available if the advisor does not maintain client's accounts or place client's investments with such persons:

- Referral of prospective clients.
- Educational conferences and seminars at no charge or reduced rates. Frequently such conferences and seminars may include cocktail receptions, meals, and entertainment. Air and ground transportation to and from the conference and lodging may be included at no cost or reduced rates.
- Arranging for continuing education credits for attendance at conferences and seminars or participation in online or telephonic conferences sponsored and organized by the broker/dealer, mutual fund sponsor or SAM. Typically, conferences or seminars are devoted to topics such as investment analysis, income or estate taxes, retirement planning, educational planning, insurance, economics, international investing, etc., that helps Alexandria associates meet educational requirements to maintain designations such as CPA, PFS, CFP®, or CFA.



- Invitations to affairs such as dinners, charity balls, sporting events, and golf tournaments.
- The opportunity to participate in group discounts for investment software, portfolio management and reporting systems, computers, travel, etc. which smaller firms may not be in a position to arrange or negotiate independently.
- Travel, lodging, and meals for due diligence meetings that offer the opportunity to meet portfolio managers of mutual fund and exchange-traded funds and discuss specific investments in which Alexandria may invest funds on behalf of clients or may be evaluated for future investments.

With client approval, Alexandria may use separate account managers. Potential conflict of interest may exist when recommending a sub-advisor to clients; we may share in the revenue generated by the sub-advisor. To prevent conflict of interest, all recommendations must follow the firm's fiduciary mandate to always act in the best interest of the clients.

CUSTODY

Custody of client assets will always be maintained with the independent custodian selected by the client. Alexandria will not have physical custody of any client assets. Alexandria is permitted to direct the Custodian to deduct fees directly from client investment accounts maintained by the Custodian. Clients are responsible for paying all fees or charges of the custodian.

Clients will receive on a monthly basis, directly from the custodian an account statement showing all holdings and transactions occurring in the client's account during the period covered by the account statement. Clients are urged to carefully review the account statement sent by the Custodian and compare it with Alexandria's quarterly report.

Alexandria Capital may be considered to have custody of certain client accounts as (1) employee(s) act as trustee of an unrelated trust and Alexandria Capital is named the investment adviser; (2) is the General Partner and investment manager to a limited partnership (Alexandria Capital Growth Fund); and (3) provide bill payment service to a client. In such cases the SEC requires an annual surprise audit of those accounts by an independent public accountant. Alexandria Capital complies with this requirement.

INVESTMENT DISCRETION

Alexandria Capital is usually given the discretion and authority to manage client investment accounts. This means Alexandria is authorized to perform various functions, at the client's expense, without further approval from the client. Such functions include the determination of securities to be purchased or sold, the number of securities to be purchased or sold, the broker/dealer to be used and the commission rates to be paid. Of course, our discretion must be exercised in a manner consistent with the stated investment objectives, limitations, and restrictions for each investment account.

Clients authorize Alexandria to give the custodian instructions by completing a document called a Limited Power of Attorney for the investment account.



VOTING CLIENT SECURITIES

Unless designated by the client, Alexandria does not vote proxies on behalf of its clients. Alexandria directs the investment account Custodian to forward directly to the client copies of all proxies and shareholder communications relating to the client's investment assets. Each client tells the Custodian how to vote proxies. The client also makes all elections relative to any corporate action notification such as mergers, tender offers, or bankruptcy proceedings. Alexandria realizes that voting requests range from routine matters to unique situations. If a client has a specific question about a voting matter, the client should contact our Chief Compliance Officer for assistance.

If we are designated, we vote proxies for securities over which we maintain discretionary authority consistent with our Proxy Voting Policy detailed in our Compliance Manual. A copy of our Proxy Voting Policy is available upon request.

PRIVACY POLICY

Alexandria has policies and procedures to keep client information private and secure. We do not disclose any nonpublic personal information about our clients or former clients to any nonaffiliated third parties, except at the request of a client or as permitted or required by law. In the course of servicing a client's account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, and lawyers. We restrict internal access to nonpublic personal information about the client to those persons who need access to that information to provide services to the client and to perform administrative functions. For the full text of our Privacy Policy, please contact our Chief Compliance Officer.

FINANCIAL INFORMATION

Alexandria Capital does not have any adverse financial conditions to disclose, and we have never been the subject of a bankruptcy petition.

