



## Armor Investment Advisors, LLC

4101 Lake Boone Trail, Suite 520

Raleigh, NC 27607

919-571-4382

[www.armorinvestmentadvisors.com](http://www.armorinvestmentadvisors.com)

March 1, 2013

This Brochure provides information about the qualifications and business practices of Armor Investment Advisors, LLC ("Armor"). If you have any questions about the contents of this Brochure, you may reach us at 919-571-4382 or at [contact\\_us@armorinvestmentadvisors.com](mailto:contact_us@armorinvestmentadvisors.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.

Armor Investment Advisors, LLC is a registered investment adviser. Registration of an Investment Adviser does not imply any particular level of skill or training. The oral and written communications offered by the Adviser should provide you with the information required to aid you in determining whether hire or retain the Adviser.

Additional information about Armor Investment Advisors, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

Since the last annual update of our brochure on March 12, 2012, we have moved offices, no other material changes to our business have occurred.

We will 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 John Purrington, Chief Compliance Officer at 919-571-4382 or [jpurrington@armorinvestmentadvisors.com](mailto:jpurrington@armorinvestmentadvisors.com). Our Brochure is also available on our web site [www.armorinvestmentadvisors.com](http://www.armorinvestmentadvisors.com), also free of charge.

Additional information about Armor is available via the SEC's web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with Armor Investment Advisors who are registered as investment adviser representatives of Armor.

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#### Item 4 – Advisory Business

Armor Investment Advisors, LLC is a private fiduciary wealth management and asset preservation firm. Armor was established in 2005 and is owned by partners Jeffrey R. Miller, Walter L. Sheffield III, and John V. Purrington. Jeffrey Miller and Walter Sheffield are each principal owners, meaning that they each own 25% or more of Armor.

We hold ourselves to a fiduciary standard with respect to our clients and their wealth:

- We will always put the clients' best interests first, ahead of our own and those of our firm and its employees. We will always act as a fiduciary.
- We will act with prudence; that is, with the skill, care, diligence, and good judgment of a professional. When selecting investments, we will act as the client's agent, seeking the best investments at the best prices at all times.
- While neither we nor anyone can promise superior investment returns, we will provide impartial advice.
- We will always be truthful with our clients, providing full and fair disclosure of all important facts, including our compensation from all sources, as well as fees we pay to others on your behalf.
- We will always seek to avoid conflicts of interest. We will fully disclose any potential conflicts, and place the client's interest first at all times.

Our management philosophy is to always work as a Team, not only among ourselves but also with external resources and with our clients' attorneys, accountants, and other professional parties.

As of January 1, 2013, Armor managed \$157,250,000 for clients on a discretionary basis. In addition, Armor advised 401(k) plan assets of \$25,250,000 which are not included in this total.

The types of advisory services provided by Armor can generally be grouped into four categories:

- Comprehensive financial planning for individuals and families
- Investment management for families, foundations and retirement plans
- Investment consulting services
- Investment consulting services to participant directed retirement plans

**Investment Discretion** refers to the sole or shared authority (whether or not exercised) to determine what securities or other assets to purchase or sell on behalf of a Client.

Before engaging Armor Investment Advisors, LLC to provide advisory services, the client will be required to enter into one or more written agreements with Armor setting forth the terms and conditions under which Armor will render its services.

## Financial Planning

### *Our Philosophy for Planning*

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We believe that true financial planning requires an ongoing review and analysis of changing conditions and timely implementation of responses and adjustments. To the extent financial planning attempts to make any predictions, a thorough planning process includes a full evaluation of potential future RISKS, in order that contingencies may be prepared to meet them.

We are skeptics about the traditional way that financial plans are often presented. In many cases attempts are made to predict future outcomes. The use of advanced probability analysis (stochastic modeling, or “Monte Carlo” simulations) in recent years has furthered this practice. We do use these methods as part of our evaluation, however we are wary that reliance on essentially unknowable assumptions assigns a false sense of security to the plan’s ‘predictions’.

Therefore, the way we execute planning for our clients is not with static documents but with *ongoing* Risk Assessments and Action Plans. These are highly personalized because every client’s goals and risks are unique.

### *Our Financial Planning Process*

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As wealth increases, risk management and wealth preservation become even more important. Financial planning, estate planning, and asset protection are all forms of risk management; but the risks addressed by each are different. Consequently, the risk management strategies developed in each area of planning can be different and contradictory at times. Our goal in making recommendations is to achieve a balance of our clients’ objectives and a blending of cost-effective risk management strategies for them at this particular time in their lives.

We organize our ongoing Risk Assessments and Action Plans into the following categories:

- Current and Future Income Protection
- Leverage and Debt Management
- Accumulation and Investment Planning
- Asset Protection
- Estate Planning and Distribution



## Investment Management

Our approach to investment management seeks to achieve client long-term goals and return expectations while managing risk. We constantly ask whether, in addition to managing market risks, we also are managing the unique risks that could affect the achievement of each client's personal or institutional goals.

Prior to entering into an investment advisory arrangement, we work with each client to understand their individual situation. For each group or pool of accounts we manage, we create a Client Investment Profile. The Client Investment Profile documents the accounts to be managed as part of the pool as well as any non-managed assets that should be considered as part of the asset allocation decision. The pool's time horizon and liquidity expectations, coupled with the client tax situation are documented as well as any unique restrictions which might be imposed.

Like a financial plan, we see the Client Investment Profile as a living document which must be reviewed and updated at least annually. Clients are advised to promptly notify Armor if there are any changes to their financial situation or investment objectives, or if they wish to impose reasonable restrictions on the management services.

Once we have documented the client's particular situation, we build a custom portfolio meeting the individual needs of that client. Our investment management process is described in [Item 8](#), below.

## Investment Consulting

Our approach to investment consulting is similar to our approach to financial planning, except that investment consulting clients generally are institutional entities (companies, charitable trusts, foundations, and other tax exempt entities). Our approach emphasizes risk management. We focus on identifying the investment objectives of our clients and designing risk-managed strategies for achieving these. The steps in our investment consulting process include:

- Identification of Client Goals
- Identification of Risks to Goal-Attainment
- Adoption of a written Investment Policy Statement
- Design of Asset Allocation and other Investment Strategies, Guidelines and Policies
- Selection of Risk and Performance Benchmarks for ongoing Monitoring
- Recommendation of Investment Managers or Funds
- Ongoing Monitoring of Risk Management and Performance

Our investment consulting clients often have multiple investment pools, each of which has its own goals and needs. Examples are capital reserves, foundation and endowment funds, and pension assets. Distinct policies, strategies, and monitoring processes are usually required for each situation.

Our investment consulting services differ from investment management services in that our consulting services do not include day-to-day selection of securities and trading.

## Investment Consulting to Participant Directed Retirement Plans

A special type of investment consulting that we provide is our advice to participant directed retirement plans, such as 401(k) and 403(b) plans. Our approach, as well as the steps in the process, is very similar to those in our other consulting services; but differences result from the fact that there often are hundreds of participants in a plan, each of which has different goals and needs. Differences also result from the application of federal pension laws to these plans. The fiduciary responsibilities of plan sponsors, trustees, and investment advisers are great. It is crucial that all fiduciaries understand their responsibilities. We help with this and share ERISA 3(21) responsibility with the plan sponsors and trustees. Upon request, we also will assume a higher level of fiduciary responsibility by written acceptance of our status as a 3(38) plan fiduciary. In all cases, special requirements that apply to participant-directed retirement plans include:

**ERISA** The **Employee Retirement Income Security Act** of 1974 is a federal law that establishes minimum standards for pension plans.

- Investment choices that are made available to participants must be prudently selected and provide a broad range of risk and return characteristics.
- Participants must have access to information on the suitability and performance of each choice.
- Participants must receive full and adequate disclosure about possible investment costs, volatility, losses and market fluctuations.
- Each investment choice must be well-diversified.
- Participants must have the ability to change their choices at least quarterly.

As with other investment consulting services, the development of a written Investment Policy Statement is an essential part of the process. This written policy statement also specifies the ways in which the plan is meeting the special requirements for participant directed plans. Additionally, we recommend a number of characteristics that we consider essential to the success of participant directed retirement plans. These include:

- Low total costs, including the expense ratios of funds in the plan, recordkeeping, custody, administration and investment advisory fees.
- Manageable number of choices including a variety of asset classes. Attempting to meet fiduciary responsibilities by offering too many choices can be counter-productive. We recommend limiting the number of funds. For more sophisticated plan participants, inclusion of a "brokerage window" option can also be beneficial.

In summary, we give prudent, expert advice to participant directed retirement plans. In providing investment consulting advice we share ERISA 3(21) fiduciary status with plan sponsors and trustees. If, in addition to this, we are appointed by the plan trustees to take over discretionary control of plan assets, we become an ERISA 3(38) fiduciary, and as such are solely responsible for the selection, monitoring, and replacement of a plan's investment options.



## Item 5 – Fees and Compensation

Armor Investment Advisors, LLC, is committed to full and complete disclosure of all fees and compensation related to client accounts. Depending upon the engagement, Armor offers its services on a fee basis, generally based upon assets under management, but may occasionally include hourly and/or fixed fees.

### Financial Planning

Armor may provide clients with a broad range of comprehensive financial planning services (which may include non-investment related matters). We will charge a fixed fee or hourly fee for these services. Our financial planning and consulting fees are negotiable, but generally range from \$2,500 to \$40,000 on a fixed fee basis and from \$250 to \$300 on an hourly rate basis, depending upon the level and scope of the services and the professional rendering the financial planning services. If a client engages us for additional services, such as investment management, we may offset all or a portion of the fees for those services based upon the amount paid for the financial planning services.

Generally, we require one-half of the financial planning fee (estimated hourly or fixed) payable upon entering the written agreement. The balance is generally due upon delivery of the financial plan. Either party may terminate the agreement by written notice to the other. In the event that a client terminates the financial planning services, the balance of the unearned fees (if any) will be refunded to them. If termination occurs within five business days of entering into an agreement for such services the client will be entitled to a full refund.

### Investment Management

We are a fee-only based investment advisor. We charge an annual fee based upon a percentage of the market value of the assets being managed. The annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses. We do not receive any portion of those commissions, fees, and costs.

The annual fee will be prorated and charged quarterly, in advance, based upon the market value of the assets on the last day of the previous quarter. The annual fee will vary (between 0.40% and 1.20%) depending upon the market value of the assets under management, as follows:

<b><u>PORTFOLIO VALUE</u></b>	<b><u>ANNUAL FEE</u></b>
Up to \$500,000	1.20%
\$500,001 to \$1,000,000	0.80%
\$1,000,001 to \$5,000,000	0.65%
\$5,000,001 to \$25,000,000	0.50%
Above \$25,000,000	0.40%

With regard to the fee schedule break points, some clients' assets are subject to aggregation with family and related accounts.

In our sole discretion, we may negotiate to charge a lesser management fee 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, *pro bono* activities, new client discount, etc.).

Specifically, we have negotiated our fee under certain circumstances involving clients who have pre-existing relationships with representatives of Armor prior to the formation of Armor Investment Advisor, LLC. Those pre-existing clients are subject to the fee negotiated with them, rather than the minimums quoted here. A discounted rate is applied to the discretionary management of accounts which are part of participant directed retirement plans on which we consult. We also discount management fees for our employees and for their immediate families and offer a discount to the parents, parents-in-law, siblings and adult children of our employees. Finally, we reserve the right to extend a professional discount from the normal fee schedule to certain professional advisors to be negotiated with that investment professional.

For the initial quarter of investment management services, the first quarter's fees will be calculated on a *pro rata* basis. If assets are deposited into or withdrawn from an account after the inception of a quarter, the fee payable with respect to such assets will be adjusted or prorated based on the number of days remaining in the quarter. Armor's annual fee will be prorated through the date of termination and any remaining balance will be refunded to the client, as appropriate, promptly.

Each quarter, we generate and deliver invoices to clients detailing the management fee calculations. Management fees will generally be deducted from client investment accounts about a week after invoices have been delivered. Clients may select to pay the invoice from outside of their investment account if they prefer.

Clients may incur certain charges imposed by financial institutions and other third parties such as custodial fees, charges imposed directly by a mutual fund or exchange traded fund in the account (which will be disclosed in the fund's prospectus -e.g., fund management fees and other fund expenses), 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. Additionally, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to Armor's fee.

[Item 12](#) further describes the factors that we consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

### **Investment Consulting**

Armor may provide clients with a broad range of investment consulting services. We will charge a fixed fee or hourly fee for these services. These investment consulting fees are negotiable, but generally range from \$2,500 to \$40,000 on a fixed fee basis and from \$250 to \$300 on an hourly rate basis, depending upon the level and scope of the services and the professional rendering the services.

We will normally require one-half of the investment consulting fee (estimated hourly or fixed) payable upon entering the written agreement. The balance is generally due upon delivery of the

consulting. Either party may terminate the agreement by written notice to the other. In the event that the client terminates the investment consulting services, the balance of the unearned fees (if any) will be refunded to the client. If termination occurs within five business days of entering into an agreement for such services the client will be entitled to a full refund.

In some cases, where our consulting services are ongoing, we will agree to an annual fee based on a percentage of the market value of the assets on which we consult. In these cases, our annual fee will be determined as described immediately below for ongoing investment consulting to participant directed retirement plan.

### **Investment Consulting to Participant Directed Retirement Plans**

When a retirement plan trustee hires us to consult on and provide investment advice for a participant directed retirement plan, we will do so on a fee basis. The fee may be a fixed or hourly fee as in Investment Consulting or it may be based on the value of the assets being advised. The annual fee is exclusive of, and in addition to, brokerage commissions, transaction fees, and other related costs and expenses. We do not receive any portion of those commissions, fees, and costs.

When based on assets advised, the annual fee will be prorated and charged quarterly, in advance, based upon the market value of the assets on the last day of the previous quarter. The annual fee will vary (between 0.25% and 1.00%) depending upon the market value of the assets, as follows:

<b><u>PORTFOLIO VALUE</u></b>	<b><u>ANNUAL FEE</u></b>
Up to \$500,000	1.00%
\$500,001 to \$1,000,000	0.50%
\$1,000,001 to \$3,000,000	0.40%
\$3,000,001 to \$15,000,000	0.25%
Above \$15,000,000	Negotiable

If we are appointed by the plan trustees to take over discretionary control of plan assets as ERISA 3(38) fiduciary, the Investment Management fee schedule will apply.

### **Insurance Services**

We provide impartial advice regarding insurance as part of our financial planning and investment consulting services. We also provide investment management to clients who own no-load variable universal life and variable annuity policies. The fee for this advice is included in our financial planning and investment management fees. We do not sell insurance products or receive insurance commissions, with one exception. One of our partners, Walter L. Sheffield III, maintains a life and health insurance license in North Carolina and continues to receive insurance commissions on individual disability policies issued by one insurance company to executives of one tax-exempt organization that is an investment consulting client of Armor. These commissions are assigned to Armor and constitute less than 5% of the annual revenue of Armor. Neither this partner nor any other representative of Armor sells insurance or receives commissions on any products in any other context.

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

We are required to disclose if any accounts are charged performance-based fees (fees based on a share of capital gains or on capital appreciation of the assets of a client). This type of fee structure may, under certain circumstances, create a conflict with client interests.

Armor Investment Advisors, LLC, does not charge any performance-based management fees.

## Item 7 – Types of Clients

We typically provide investment management and financial planning services to individuals, high net worth individuals, and their families. We also provide investment management and investment consulting services to corporations, corporate pension and profit-sharing plans, charitable institutions, foundations, and endowments.

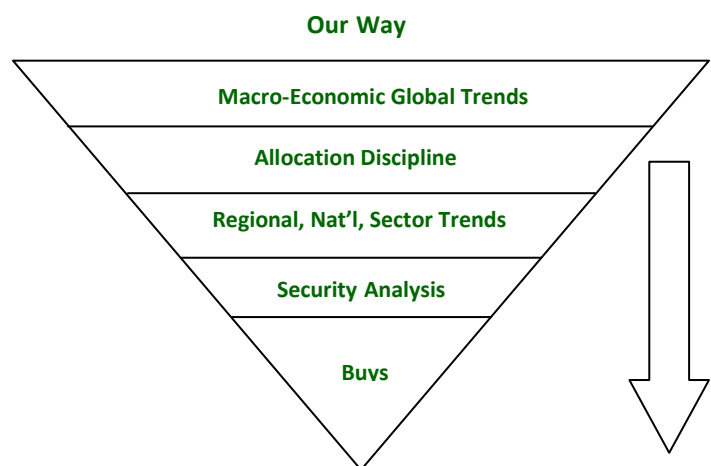
As a condition for starting and maintaining an investment management relationship, we will generally impose a minimum fee of \$625 per quarter. This minimum fee may have the effect of making the service impractical for clients, particularly those with portfolios less than \$250,000 under Armor's management. In its sole discretion, we may waive the minimum fee based upon certain criteria including anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client relationship, account retention, and *pro bono* activities.

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

We begin the investment management process by understanding each client's goals, identifying risks to the attainment of them, and designing strategies for managing those risks. This integrates financial and estate planning with unbiased investment advice and management.

### Top-Down Process

We build custom portfolios from the top down, beginning with a review of global macro-economic conditions, regionally, and by sector and industry. A fundamental principle that we apply is that asset allocation is by far the most important factor in meeting each client's goals and managing their risks. We review global sectors with the intent of investing in those areas demonstrating the best combinations of long term economic growth opportunity with reasonable geopolitical and legal risk.



This top-down process is matched against a Client Investment Profile to determine an appropriate level of risk for each client. Assets are then combined into portfolios for each client based on a thorough evaluation of the client's risk tolerance as documented in the Investment Profile, which is subject to annual review.

### ***Security Selection***

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Most of our portfolios include a combination of individual stocks, both foreign and domestic, exchange-traded funds, and institutional mutual funds. Equity selection is driven by fundamental analysis, specifically an analysis of a company's management, growth opportunities, market share, and investment cash flow. Minimizing costs is a crucial factor in our security selection process.

Investing in securities involves risk of loss that clients should be prepared to bear. Individual stocks carry additional risks attributable to the region, industry, or legal environment in which they operate. These risks are identified by an appropriate review of each investment's prospects, and mitigated by limiting the size of individual positions within a diversified portfolio. Each client portfolio includes a broad range of asset classes and sectors, with the level of risk managed by each client's specific investment profile.

We are, in effect, a personal separate account manager without the extra layer of fees charged by banks and brokers for this service. We use outside managers in the form of minimum-cost funds whenever they are more efficient than individual securities because of their diversification and bulk-purchasing power in thinly traded markets.

### ***Account Aggregation***

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We often manage both taxable and tax-deferred accounts for individuals, accounts owned separately by a husband and a wife, and other accounts owned within a family: Revocable and irrevocable trusts, retirement plan accounts, accounts for children and grandchildren, and accounts for charitable foundations. Frequently, these accounts are held by multiple custodians. We often aggregate accounts as consolidated investment pools. This can simplify reporting and enhance the strategic value of performance reports and asset allocation reports.

## **Item 9 – Disciplinary Information**

We are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Armor or the integrity of Armor's management.

Armor has no knowledge of any outstanding items or issues applicable to this disclosure.

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

We are required to disclose any relationships with other financial institutions and discuss how those relationships may create a conflict of interest. Where a conflict of interest exists we will

describe the nature of the conflict and discuss the steps we have taken to ensure that we always put the clients' interests first.

Armor Investment Advisors, LLC is NOT a broker-dealer and none of our employees are registered representatives of a broker-dealer. This means that we do not receive commissions for buying or selling securities. We have relationships with multiple broker-dealers who act as custodians and execute trades for our clients' accounts. Currently we maintain relationships with Charles Schwab & Co., Inc. and its affiliates (collectively referred to as "*Schwab*") and Fidelity Institutional Wealth Services and its affiliates (collectively referred to as "*Fidelity*") for investment management accounts. We may also recommend that certain accounts be maintained at National Advisors Trust Company, FSB ("*National Advisors Trust*").

Armor may receive from Schwab and/or Fidelity, without cost, computer software and related systems support, which allow us to better monitor client accounts. These services are provided without cost because we render investment management services to clients that maintain assets and Schwab and/or Fidelity.

Specifically, we may receive the following benefits from Schwab and/or Fidelity:

- receipt of duplicate client confirmation and bundled duplicate statements;
- access to a trading desk that exclusively services Registered Investment Advisor Group participants;
- access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts;
- access to an electronic communication network for client order entry and account information;
- technology that assists with back-office functions, recordkeeping, and client reporting; and
- access to advisor networking and educational events.

We regularly evaluate our relationships with broker-dealers and that evaluation process is further discussed in [Item 12](#).

National Advisors Trust is a federal savings bank controlled by National Advisors Holdings, Inc. ("NAH"). Armor partners Walter L. Sheffield III and Jeffrey R. Miller, currently own less than one percent (1%) NAH. Having an ownership interest in NAH allows Armor clients access to low cost directed trustee services offered by *National Advisors Trust*. Clients should be aware that the recommendation of *National Advisors Trust* by Armor presents a conflict of interest since Mr. Sheffield and Mr. Miller will benefit from such recommendation as less than one percent (1%) owners of NAH. Neither Armor nor Mr. Sheffield and Mr. Miller will directly receive any portion of the fees charged by *National Advisors Trust*.

Armor Investment Advisor, LLC partner, Walter L. Sheffield III, is also a licensed practicing attorney and the sole member of the Law Offices of Walter L. Sheffield III, PLLC (LOWS), a law firm with the same place of business as Armor Investment Advisors, LLC. Mr. Sheffield maintains a legal practice, separate and distinct from Armor's financial planning and investment advisory activities. No

portion of the financial plan or any other services rendered by Armor Investment Advisors to clients should be interpreted as legal advice. Rather, clients should defer to the advice of their own attorney. We may, from time to time, recommend certain of its clients to *LOWS* for various legal services. *LOWS* will render these services independently of Armor.

### **Item 11 – Code of Ethics**

Armor Investment Advisors, LLC has adopted a Code of Ethics for all partners and staff of the firm describing its high standard of business conduct, and fiduciary duty to its clients. Armor's size limits its ability to segregate oversight and control duties; however the Code of Ethics, to which all employees must comply, is created to minimize any conflicts of interest that may occur. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, and personal securities trading procedures, among other things. All partners and staff at Armor must acknowledge the terms of the Code of Ethics annually or when amended.

There are times when Armor buys or sells securities for client accounts at or about the same time that Armor employees buy or sell securities for their own accounts. A conflict of interest exists in such cases because employees could trade ahead of clients and potentially receive more favorable prices. The Code of Ethics is designed to assure that the personal securities transactions of the employees of Armor will not interfere with making decisions in the best interest of advisory clients and implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Trading policies and procedures are in place and employee trading is continually monitored to reasonably prevent conflicts of interest between Armor and its clients.

Clients or prospective clients may request a copy of the firm's Code of Ethics by contacting our Chief Compliance Officer John Purrington.

### **Item 12 – Brokerage Practices**

We are required to describe the factors we consider in recommending broker-dealers for transactions and in determining if the brokerage commissions are reasonable.

#### *The Custodians and Brokers We Use*

We do not maintain custody of client assets (see [\*Item 15 – Custody\*](#), below). Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank.

We recommend that our clients use either Charles Schwab & Co., Inc. and/or Fidelity Institutional Wealth Services as their qualified custodian. We also recommend that certain trust accounts be maintained at National Advisors Trust.

We are independently owned and operated and are not affiliated with Schwab or Fidelity. Your qualified custodian will hold your assets in a brokerage account and buy and sell securities based on our instructions to them. While we may recommend that you use Schwab, Fidelity, or National Advisors Trust as custodian/broker, you will decide whether to do so and open your account with



the qualified custodian by entering into an account agreement directly with them. We cannot open the account for you, although we may assist you in doing so.

In some situations, Armor provides investment management for assets which are not held by one of our recommended custodians. Examples include investment management for executives who have retirement plan accounts at custodians selected by their employers and situations where a client directs us to use a specified custodian. In these situations, we disclose that we are unable to assure that the custodian is achieving favorable execution of the client's transactions. Even though your account is maintained at Schwab, Fidelity, or National Advisors Trust, we can still use other brokers to execute trades for your account as described below (see *"Your Brokerage and Custody Costs"*).

#### *How We Select Brokers/Custodians*

We recommend custodians/brokers who will hold your assets and execute transactions on terms that are most advantageous when compared to other available providers and their services. We consider a wide range of factors, including:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, ETF's, etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of services (commission rates, margin interest rates, etc.)
- Reputation, financial strength, and stability
- Prior service to us and our other clients
- Availability of other products and services that benefit us, as discussed below (see *"Products and Services Available to Us from our Recommended Custodians"*)

#### *Your Brokerage and Custody Costs*

For client accounts held at our recommended custodians, the custodians generally do not charge you separately for custody services but are compensated by charging you commissions or other fees on trades they execute or that settle into your account. In addition to commissions, Schwab, Fidelity, and National Advisors Trust charge you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that is executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your custodian account. These fees are in addition to the commissions you pay the executing broker-dealer. In order to minimize your trading costs, we have our recommended custodians execute most trades for your account rather than "trading away". We have determined that having our recommended custodians execute most trades is consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see *"How We Select Brokers/Custodians"*).



### *Products and Services Available to Us from Our Recommended Custodians*

Schwab, Fidelity, and National Advisors Trust all have businesses serving independent investment advisory firms like ours. They provide us and our clients with access to their institutional brokerage-trading, custody, reporting, and related services-many of which are not typically available to retail customers. They also make available various support services. Some of those services help us manage or administer our clients' accounts; while others help us manage and grow our business. The support services generally are available on an unsolicited basis (we don't have to request them) and at no charge to us as long as our clients collectively maintain a minimum dollar amount of their assets in accounts at the custodian. If our clients collectively have less than the minimum in assets, we may be charged service fees. Armor clients collectively maintain assets at each of our recommended custodians significantly above the required minimums.

### *Our Interest in Services Available to Us from Our Recommended Custodians*

The availability of these services benefits us because we do not have to purchase them. We don't have to pay for the services as long as our clients collectively keep a minimum total of assets in accounts at each custodian. Beyond that, these services are **not** tied to the amount of trading or commissions paid. The minimum dollar thresholds present a potential conflict of interest. We believe, however, that the selection of one of our recommended custodians is in the best interests of our clients and do not believe that this presents a material conflict of interest.

### *Aggregated Orders*

Transactions for each client will generally be effected independently unless we decide to purchase or sell the same securities for several clients at approximately the same time (often termed an "aggregated" or "block" order). We may aggregate orders in an attempt to allocate fairly among client accounts.

## **Item 13 – Review of Accounts**

We monitor investment portfolios on an ongoing basis, and regular account reviews are conducted on at least a quarterly basis. Account reviews are conducted by a one of our partners, Jeffrey R. Miller, Walter L. Sheffield III, or John V. Purrington. All investment advisory clients are encouraged to keep us informed of any changes that might affect their financial situation. We contact ongoing investment advisory clients at least annually to review previous services and to discuss any changes to their investment profile. We provide quarterly reports to clients supplementing the transaction confirmation notices and regular summary account statements received directly from the broker-dealer or custodian. Our reports show the client's quarter end positions and asset allocation as well as the Time Weighted Rate of Return for each of their investment pools calculated net of fees. For client meetings, we generally will provide similar reports.

**Time Weighted Rate of Return** measures how a manager performs. It removes the effect of the client's decisions to deposit or withdraw money in the account. It measures investment performance (income and price changes) as a percentage of capital "at work," effectively eliminating the effects of additions and withdrawals of capital and their timing.

For those clients to whom we provide financial planning and/or consulting services, we will produce written reports summarizing our analysis and conclusions as requested by the client or otherwise agreed to in writing. Ongoing reviews are conducted on an “as needed” basis. Such reviews are conducted by a one of our partners.

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

We are required to provide you with information regarding any relationships where we compensate individuals for client referrals. We greatly appreciate referrals from satisfied clients and partners, but do not directly or indirectly compensate anyone for those referrals.

#### **Item 15 – Custody**

Client funds and securities will be maintained by unaffiliated qualified custodians; banks, broker/dealers, mutual fund company, or transfer agent; not with or by Armor Investment Advisors, LLC or any of its associates. Under government regulations, we are deemed to have custody of your assets if you authorize us to instruct your custodian to deduct our advisory fees directly from your account

Clients should receive at least quarterly statements from the qualified custodian that holds and maintains the client’s investment assets. We urge you to carefully review such statements and compare such official custodial records to the account statements that we provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. If you have any questions about your statements, please do not hesitate to contact us.

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

Armor Investment Advisors, LLC receives discretionary authority from the client at the outset of every investment management relationship to select the identity and amount of securities to be bought or sold. In all cases such discretion will be exercised in a manner consistent with the Client Investment Profile for the particular client account.

When selecting securities and determining amounts, Armor observes the investment policies, limitations and restrictions of the clients for which it advises.

Investment guidelines and restrictions must be provided to Armor in writing.

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

Armor Investment Advisors, LLC may vote proxies on behalf of its clients. When we accept such responsibility, we will only cast proxy votes in a manner consistent with the best interest of our clients.

Absent special circumstances, which are fully-described in our Proxy Voting Policies and Procedures, all proxies will be voted consistent with guidelines established and described in the Proxy Voting Policies and Procedures, as they may be amended from time-to-time. At any time, clients may contact us to request information about how we voted proxies for that client's securities or to get a copy of the Proxy Voting Policies and Procedures. A brief summary of the Proxy Voting Policies and Procedures is as follows:

- Armor has formed a Proxy Voting Committee that will be responsible for monitoring corporate actions, making voting decisions in the best interest of clients, and ensuring that proxies are submitted in a timely manner.
- The Proxy Voting Committee will generally vote proxies according to the Registrant's then current Proxy Voting Guidelines. The Proxy Voting Guidelines include many specific examples of voting decisions for the types of proposals that are most frequently presented, including: composition of the board of directors; approval of independent auditors; management and director compensation; anti-takeover mechanisms and related issues; changes to capital structure; corporate and social policy issues; and issues involving mutual funds.
- Although the Proxy Voting Guidelines are to be followed as a general policy, certain issues will be considered on a case-by-case basis based on the relevant facts and circumstances. Since corporate governance issues are diverse and continually evolving, Armor will devote an appropriate amount of time and resources to monitor these changes.

In situations where there may be a conflict of interest in the voting of proxies due to business or personal relationships that we maintain with persons having an interest in the outcome of certain votes, we will take appropriate steps to ensure that the proxy voting decisions are made in the best interest of our clients and are not the product of such conflict.

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

We are required to provide you with certain financial information or disclosures about Armor Investment Advisor's financial condition.

Armor has no financial commitment that impairs its ability to meet our contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.



# Brochure Supplements

Walter L. Sheffield, III  
Armor Investment Advisors, LLC  
4101 Lake Boone Trail, Suite 520  
Raleigh, NC 27607  
919-571-4382  
March 1, 2013

**This Brochure Supplement provides information about Walter L. Sheffield III that supplements the Armor Investment Advisors, LLC Brochure. You should have received a copy of that Brochure. Please contact our Chief Compliance Officer, John V. Purrington, if you did not receive Armor Investment Advisors, LLC's Brochure or if you have any questions about the contents of this supplement.**

**Additional information about Walter L. Sheffield III is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **Item 2- Educational Background and Business Experience**

Walter L. Sheffield III

Born 1949

*Post Secondary Education:*

Vanderbilt University – 1974, JD, Law

Duke University – 1971, BA, History

*Recent Business Background:*

Armor Investment Advisors, LLC, Managing Member, 01/2005 – Present

Cambridge Investment Research, Inc., Registered Representative, 03/2005 – 08/2007

Law Offices of Walter L. Sheffield III, PLLC Owner, 04/2002 – Present

Law Offices of Sheffield & Ferranti d/b/a Armor Trust Attorneys, Owner, 06/2008–11/2009

*Professional Designations:*

CERTIFIED FINANCIAL PLANNER™ professional<sup>1</sup>



Walt Sheffield has over 25 years of financial services experience. He is a CERTIFIED FINANCIAL PLANNER™ professional, as well as a practicing attorney with The Law Offices of Walter L. Sheffield III, PLLC, where he also focuses on family wealth preservation estate planning. Walt's investment experience has included six years as a trust officer for a large national bank, nine years as an employee benefits consultant with an international consulting firm, and six years as a partner in an independent investment advisory firm, Atlantic Capital Management, LLC. He founded Armor Investment Advisors, LLC in 2005. Walt is a graduate of Duke University and Vanderbilt University School of Law.

### Item 3- Disciplinary Information

Armor Investment Advisors, LLC is required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item.

### Item 4- Other Business Activities

We are required to disclose any outside business activities that are investment related or that provide a substantial source of income or involve a substantial amount of time.

- **Insurance Sales.** Walt Sheffield maintains a life and health insurance license in North Carolina and continues to receive insurance commissions on individual disability policies issued by one insurance company to executives of one tax-exempt organization that is an investment consulting client of Armor Investment Advisors, LLC. These commissions are assigned to Armor Investment Advisors, LLC and constitute less than 5% of the annual revenue of Armor Investment Advisors, LLC.
- **Law Offices of Walter L. Sheffield III, PLLC.** Walt Sheffield engages in the practice of law on a part-time basis in the same office space in which Armor Investment Advisors, LLC is located. This law practice is limited to estate planning and asset protection advice for a limited number of clients. Revenue from this law practice is not shared with Armor Investment Advisors, LLC, but this practice does share in the payment of rent for the office space it shares with Armor Investment Advisors, LLC.

### Item 5- Additional Compensation

We are required to disclose any additional compensation for providing advisory services received from anyone who is not a client. This would include sales awards or any bonus based on number of sales. No information is applicable to this Item.

### Item 6 - Supervision

At Armor Investment Advisors, LLC our three partners work as a team to provide planning and investment advice to our clients. Each client has a primary and a secondary adviser to ensure that we monitor all advice provided to clients. Our managing partner, Walter L. Sheffield III (919-571-4382) is responsible for supervising Armor's advisory activities.

#### <sup>1</sup>CFP® - CERTIFIED FINANCIAL PLANNER™ Minimum Qualifications

**Issued by:** Certified Financial Planner Board of Standards, Inc.

**Prerequisites/Experience Required:** Candidate must meet the following requirements:

- A bachelor's degree (or higher) from an accredited college or university, and
- 3 years of full-time personal financial planning experience

**Educational Requirements:** Candidate must complete a CFP-board registered program, or hold one of the following:

- |                                    |                                     |
|------------------------------------|-------------------------------------|
| • CPA                              | • Ph.D. in business or economics    |
| • ChFC                             | • Doctor of Business Administration |
| • Chartered Life Underwriter (CLU) | • Attorney's License                |
| • CFA                              |                                     |

**Examination Type:** CFP Certification Examination

**Continuing Education/Experience Requirements:** 30 hours every 2-years

Jeffrey R. Miller  
**Armor Investment Advisors, LLC**

4101 Lake Boone Trail, Suite 520

Raleigh, NC 27607

919-571-4382

March 1, 2013

**This Brochure Supplement provides information about Jeffrey R. Miller that supplements the Armor Investment Advisors, LLC Brochure. You should have received a copy of that Brochure. Please contact our Chief Compliance Officer, John V. Purrington, if you did not receive Armor Investment Advisors, LLC's Brochure or if you have any questions about the contents of this supplement.**

**Additional information about Jeffrey R. Miller is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Item 2- Educational Background and Business Experience**

Name: Jeffrey Rowe Miller

Born 1955

*Post Secondary Education:*

University of Virginia – 1977, BA, Economics

College of William and Mary – 1982, MBA, Finance

*Recent Business Background:*

Armor Investment Advisors, LLC, Member, 01/2008 – Present

Miller Portfolio Advisors, LLC, President / Chief Investment Officer, 07/2007- 12/2010

Atlantic Capital Management, LLC, Vice President, 10/2002 – 07/2007

GlaxoSmithKline, Director of Benefits Finance, 1989-2002

*Professional Designations:*

CFA® - Chartered Financial Analyst®<sup>1</sup>



Jeffrey Miller merged his firm, Miller Portfolio Advisors, LLC, with Armor Investment Advisors in January 2008. Prior to establishing his firm in 2007, Jeff was a partner and Chief Investment Officer at Atlantic Capital Management, LLC since 2001. Prior to 2001, Jeff was with GlaxoSmithKline plc in a number of Finance and Treasury roles, including responsibility for the U.S. corporate pension plan, 401(k) savings plan, and NC GSK Foundation, all totaling \$2.3 billion. Prior to GlaxoSmithKline, he worked 7 years at RJR Nabisco, Inc. in Winston-Salem, NC and Atlanta, GA, including service as Investment Manager with RJR Investment Management, with responsibility for over \$4.0 billion in various pension, savings, and foundation portfolios. These previous roles enabled Jeff to obtain broad experience across all asset classes, from the nuts and bolts of portfolio



management to strategic planning. Jeff earned a B.A. in Economics from the University of Virginia in 1977, an MBA in Finance from the College of William and Mary in 1982, and has been a CFA Institute charter holder since 1992.

### **Item 3- Disciplinary Information**

Armor Investment Advisors, LLC is required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item.

### **Item 4- Other Business Activities**

We are required to disclose any outside business activities that are investment related or that provide a substantial source of income or involve a substantial amount of time. No information is applicable to this Item.

### **Item 5- Additional Compensation**

We are required to disclose any additional compensation for providing advisory services received from anyone who is not a client. This would include sales awards or any bonus based on number of sales. No information is applicable to this Item.

### **Item 6 - Supervision**

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### **<sup>1</sup>CFA® - Chartered Financial Analyst® Minimum Qualifications**

Issued by: CFA Institute

Prerequisites/Experience Required:

Candidate must meet one of the following requirements:

- Undergraduate degree and 4 years of professional experience involving investment decision-making, or
- 4 years qualified work experience (full time, but not necessarily investment related)

Educational Requirements: Self-study program (250 hours of study for each of the 3 levels)

Examination Type: 3 course exams

Continuing Education/Experience Requirements: None

John V. Purrington  
Armor Investment Advisors, LLC

4101 Lake Boone Trail, Suite 520

Raleigh, NC 27607

919-571-4382

March 1, 2013

**This Brochure Supplement provides information about John V. Purrington that supplements the Armor Investment Advisors, LLC Brochure. You should have received a copy of that Brochure. Please contact our Chief Compliance Officer, John V. Purrington, if you did not receive Armor Investment Advisors, LLC's Brochure or if you have any questions about the contents of this supplement.**

**Additional information about John V. Purrington is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Item 2- Educational Background and Business Experience**

John Vietor Purrington

Born 1967

*Post Secondary Education:*

Bucknell University – 1990, BA, Economics

Duke University Office of Continuing Studies – 2005 Executive  
Certificate in Certified Financial Planning

*Recent Business Background:*

Armor Investment Advisors, LLC, Member, 06/2007 – Present

Schwab Performance Technologies, Various Roles, 10/1990 – 05/2007

*Professional Designations:*

CERTIFIED FINANCIAL PLANNER™ professional<sup>1</sup>



John Purrington joined Armor Investment advisors, LLC in 2007 as a partner and as the firm's Chief Operating Officer. In 2009, John also became our Chief Compliance Officer. In addition to overseeing operations, compliance, and technology, John is a CERTIFIED FINANCIAL PLANNER™ professional. From 1990 until 2007, John helped grow Schwab Performance Technologies from a three person startup into an industry leader delivering portfolio management and accounting solutions to more than 3,000 independent financial advisors. John held many roles at Schwab Performance Technologies including overseeing the customer support group, managing the quality assurance team, and consulting for some of the most respected advisory firms in the country. A graduate of Woodberry Forest School, John received his undergraduate degree in Economics from Bucknell

University. In 2005, John received an Executive Certificate in Certified Financial Planning from Duke University's Continuing Studies program.

### **Item 3- Disciplinary Information**

Armor Investment Advisors, LLC is required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item.

### **Item 4- Other Business Activities**

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### **Item 5- Additional Compensation**

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#### **<sup>1</sup>CFP® - CERTIFIED FINANCIAL PLANNER™ Minimum Qualifications**

**Issued by:** Certified Financial Planner Board of Standards, Inc.

**Prerequisites/Experience Required:** Candidate must meet the following requirements:

- A bachelor's degree (or higher) from an accredited college or university, and
- 3 years of full-time personal financial planning experience

**Educational Requirements:** Candidate must complete a CFP-board registered program, or hold one of the following:

- |                                    |                                     |
|------------------------------------|-------------------------------------|
| • CPA                              | • Ph.D. in business or economics    |
| • ChFC                             | • Doctor of Business Administration |
| • Chartered Life Underwriter (CLU) | • Attorney's License                |
| • CFA                              |                                     |

**Examination Type:** CFP Certification Examination

**Continuing Education/Experience Requirements:** 30 hours every 2-years



Armor Investment Advisors, LLC  
*Independent Wealth Management*