

# Aviance Capital Partners, LLC

SEC File Number: 801 – 68979

## **ADV Part 2A, Firm Brochure**

**Dated: March 28, 2018**

Contact: Jeffrey Pike, Chief Compliance Officer

2180 Immokalee Road, #301

Naples, Florida 34110-1407

Website: [www.aviancecapitalpartners.com](http://www.aviancecapitalpartners.com)

**This Brochure provides information about the qualifications and business practices of Aviance Capital Partners, LLC. If you have any questions about the contents of this Brochure, please contact us at (239) 598-4747 or [jspike@aviancepartners.com](mailto:jspike@aviancepartners.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 Aviance Capital Partners, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**References herein to as Aviance Capital Partners, LLC a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.**

## **Item 2           Material Changes**

Since the March 30, 2017 Annual Amendment filing, this ADV Part 2A, Firm Brochure has been materially amended at Items 4 and 5 to disclose that the Registrant now offers Financial Planning services in connection with its Investment Advisory Services offering. Additional disclosure has been added at Items 4 and 5 to address portfolio activities, use of eMoney software, cash positions, retirement account fiduciary status and fee dispersion. Item 10 has been amended to address conflicts of interest associated with life insurance sales. Item 4 has also been amended to reflect that Orville Ward is no longer associated with Aviance Capital Partners.

**Aviance Capital Partners, LLC's Chief Compliance Officer, Jeffrey Pike, remains available to address any questions that a client or prospective client may have regarding this material change or any other aspect of this ADV Part 2A, Firm Brochure.**

## **Item 3           Table of Contents**

Item 1	Cover Page.....	1
Item 2	Material Changes.....	2
Item 3	Table of Contents.....	2
Item 4	Advisory Business .....	3
Item 5	Fees and Compensation .....	8
Item 6	Performance-Based Fees and Side-by-Side Management .....	9
Item 7	Types of Clients.....	10
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss.....	10
Item 9	Disciplinary Information .....	12
Item 10	Other Financial Industry Activities and Affiliations .....	12
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	12
Item 12	Brokerage Practices .....	13
Item 13	Review of Accounts.....	16
Item 14	Client Referrals and Other Compensation.....	16
Item 15	Custody.....	17
Item 16	Investment Discretion.....	17
Item 17	Voting Client Securities.....	18
Item 18	Financial Information .....	18

## Item 4            **Advisory Business**

- A. Aviance Capital Partners, LLC (the “Registrant”) is a limited liability company formed on March 8, 2008 in the State of Florida, which became a Registered Investment Adviser in March 2008. The Registrant is principally owned by, James R. Neel, and Jack D. Brown. James R. Neel is the Registrant’s Managing Member.

As discussed below, the Registrant offers to its clients (individuals, high net worth individuals, trusts, estates, and pension and profit sharing plans, corporations or other business entities, etc.) investment advisory services on a discretionary and/or non-discretionary basis.

### B. **INVESTMENT ADVISORY SERVICES**

The client may engage the Registrant to provide discretionary and/or non-discretionary investment advisory services on a *fee-only* basis. The Registrant’s annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under the Registrant’s management. Before engaging the Registrant to provide investment advisory services, clients are required to enter into an Investment Advisory Agreement with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the fee that is due from the client. Before Registrant provides investment advisory services, an investment adviser representative will ascertain each client’s investment objectives. Thereafter, the Registrant will allocate and/or recommend that the client allocate investment assets consistent with the designated investment objectives. Once allocated, the Registrant provides ongoing monitoring and review of account performance and asset allocation as compared to client investment objectives, and may periodically execute or recommend execution of account transactions based upon such reviews.

The Registrant allocates client investment assets in conformity with one or more investment strategies described below. The corresponding fee schedules associated with these strategies are provided in Item 5.A.:

Disciplined Growth: This strategy invests in equities that Registrant perceives as being high quality, which are based on domestic and international companies with generally large market capitalization rates.

Disciplined Growth Hedged: This strategy invests in equities with generally large market capitalization rates, which seeks to decrease market volatility with the use of index options.

Disciplined Value: This strategy utilizes a value investing approach of stock selection to invest in equities of predominately domestic companies with varying market capitalization rates.

Global Plus: This strategy invests primarily in closed end funds and exchange traded funds (“ETFs”) that consist of equity securities in both international and domestic markets.

Balanced: This strategy invests in both equity and fixed income securities in an effort to deliver a mixture of income and modest capital appreciation.

Enhanced Income: This strategy invests in diversified income-producing securities within asset classes that Registrant perceives as having the best potential for risk-adjusted income.

**Core Plus:** This strategy invests primarily in closed end funds and ETFs that consist of fixed income securities.

**Fixed Income:** This strategy invests in fixed income securities that are designed to provide a regular, stable income stream such as bonds issued by federal governments, local municipalities, or corporations.

**Concentrated Position:** This strategy is a customized approach to managing large equity positions typically through the use of options of the underlying securities.

In addition, the Registrant, in conjunction with the sub-advisory services provided by Aviance Capital Management (**see** below disclosure), offers its clients Dynamic Investment Allocation Strategies (DIAS and/or DIAS LITE), a series of separately managed account portfolios. DIAS and/or DIAS LITE offer clients the opportunity to own a range of asset types, sectors, styles, and regions in a single, actively managed account. The DIAS and/or DIAS LITE portfolios range from a conservative approach focused on income generation to a more aggressive equity approach that seeks to outperform the overall stock market. Portfolios in between offer diversification between equity and fixed income instruments, all designed to achieve a particular client objective. Each portfolio is tactically managed, offering the investment management team the flexibility to adjust to market and economic changes as they occur. DIAS and/or DIAS LITE portfolios are typically suitable for investors who can accept an element of risk greater than that of guaranteed investments such as FDIC-insured CD's. Prior to acceptance of investors' capital, a risk tolerance/objectives questionnaire is completed to ensure that their goals match up reasonably with the directives of the portfolio(s).

Registrant's annual investment advisory fee shall include investment advisory services, and, to the extent specifically requested by the client, financial planning and consulting services. The financial planning services are provided as part of the Investment Advisory Services described above. There is no additional cost associated with the financial planning service. The Registrant may also provide tax preparation services in connection with its financial planning service. Tax preparation services are generally outsourced to a third party provider, with no additional expense incurred by the client.

**Please Note:** The client is under no obligation to engage the services of any third party professional recommended during the financial planning process. The client retains absolute discretion over any implementation decisions related to the financial planning portion of the engagement and is free to accept or reject any recommendation from the Registrant in the financial planning process, including the use of a recommended third party professional. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client's responsibility to promptly notify the Registrant if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Registrant's previous recommendations and/or services.

## **MISCELLANEOUS**

### **Limitations of Financial Planning and Non-Investment Consulting/Implementation Services.**

As indicated above, to the extent requested by a client, Registrant may provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Registrant does not serve as an attorney or accountant, and no portion

of its services should be construed as legal or accounting services. As noted above, Registrant provides financial planning services in connection with its Investment Advisory Services. Accordingly, Registrant does not prepare estate planning documents. As noted above, any assistance with tax preparation is typically outsourced to a third party firm at no additional cost to the client. To the extent requested by a client, Registrant may recommend the services of other professionals for certain non-investment implementation purpose (i.e. attorneys, accountants, insurance agents, etc.). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Registrant and/or its representatives. **Please Note:** If the client engages any recommended unaffiliated professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note-Conflict of Interest:** The recommendation by Registrant's representative that a client purchase insurance commission products through Registrant's representative or engage the Registrant or any of its representatives, in their separate and individual capacity as an insurance agent, presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend insurance products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase insurance commission products through such a representative. Clients are reminded that they may purchase insurance products recommended by Registrant through other non-affiliated insurance agents. **Registrant's Chief Compliance Officer, Jeffrey Pike, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

**Non-Discretionary Service Limitations.** Clients that determine to engage Registrant on a non-discretionary investment advisory basis **must be willing to accept** that Registrant cannot effect any account transactions without obtaining prior consent to such transaction(s) from the client. Thus, in the event that Registrant would like to make a transaction for a client's account (including in the event of an individual holding or general market correction), and the client is unavailable, the Registrant will be unable to effect the account transaction(s) (as it would for its discretionary clients) **without first obtaining the client's consent.**

**Structured Notes.** The Registrant may purchase structured notes for client accounts. A structured note is a financial instrument that combines two elements, a debt security and exposure to an underlying asset or assets. It is essentially a note, carrying counter party risk of the issuer. However, the return on the note is linked to the return of an underlying asset or assets (such as the S&P 500 Index or commodities). It is this latter feature that makes structured products unique, as the payout can be used to provide some degree of principal protection, leveraged returns (but usually with some cap on the maximum return), and be tailored to a specific market or economic view. In addition, investors may receive long-term capital gains tax treatment if certain underlying conditions are met and the note is held for more than one year. Finally, structured notes may also have liquidity constraints, such that the sale thereof prior to maturity may be limited. **The Registrant's Chief Compliance Officer, Jeffrey Pike, remains available to address any questions regarding the purchase of structured notes.**

**Sub-Advisory Arrangements.** The Registrant may engage sub-advisors for the purpose of assisting the Registrant with the management of its client accounts, including but not limited to Aviance Capital Management, LLC, which is an unaffiliated registered investment advisory firm. The sub-advisor(s) shall have discretionary authority for the day-to-day management of the assets that are allocated to it by the Registrant. The sub-advisor shall continue in such capacity until such arrangement is terminated or modified by the Registrant. The Registrant shall pay a portion of the investment advisory fee received for these allocated assets to the sub-advisor for its sub-advisory

services. **The Registrant's Chief Compliance Officer, Jeffrey Pike, remains available to address any questions concerning the Registrant's sub-advisory arrangements.**

**Client Obligations.** In performing its services, the Registrant shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains their responsibility to promptly notify the Registrant if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising the Registrant's previous recommendations and/or services.

**Disclosure Statement.** A copy of the Registrant's written disclosure statement as set forth on Part 2 of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the Investment Advisory Agreement.

**Retirement Plan Rollovers-No Obligation/Conflict of Interest.** A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If the Registrant recommends that a client roll over their retirement plan assets into an account to be managed by the Registrant, such a recommendation creates a conflict of interest. The Registrant will earn new (or increase its current) compensation as a result of the rollover. **No client is under any obligation to roll over plan assets to an IRA managed by the Registrant or to engage the Registrant to monitor and/or manage the account while maintained at the client's employer. The Registrant's Chief Compliance Officer, Jeffrey Pike, remains available to address any questions that a client or prospective client may have regarding its prospective engagement and the corresponding conflict of interest presented by such engagement.**

**ERISA / IRC Fiduciary Acknowledgment.** If the client is: (i) a retirement plan ("Plan") organized under ERISA; (ii) a participant or beneficiary of a Plan subject to Title I of ERISA or described in section 4975(e)(1)(A) of the Internal Revenue Code, with authority to direct the investment of assets in his or her Plan account or to take a distribution; (iii) the beneficial owner of an IRA acting on behalf of the IRA; or (iv) a Retail Fiduciary with respect to a plan subject to Title I of ERISA or described in section 4975(e)(1)(A) of the Internal Revenue Code, then the Registrant represents that it and its representatives are fiduciaries under ERISA or the Internal Revenue Code, or both, with respect to any investment advice provided by the Registrant or its representatives or with respect to any investment recommendations regarding an ERISA Plan or participant or beneficiary account.

**ByAllAccounts/eMoney.** Registrant, in conjunction with the services provided by "ByAllAccounts," and or "eMoney" may also provide periodic comprehensive reporting services which can incorporate all of the client's investment assets, including those investment assets that are not part of the assets managed by Registrant (the "Excluded Assets"). The eMoney platform allows a client to view their complete asset allocation, including those assets that Registrant does not manage (the "Excluded Assets"). Registrant does not provide investment management, monitoring, or implementation services for the Excluded Assets. Therefore, Registrant shall not be responsible for the investment performance of the Excluded Assets. **The client and/or their other advisors that maintain trading authority, and not Registrant, shall be exclusively responsible for the investment performance of the Excluded Assets.** In addition, eMoney also

provides access to other types of information, including financial planning concepts, which should not, in any manner whatsoever, be construed as services, advice or recommendations provided by Registrant. Registrant does not provide investment management, monitoring or implementation services for the Excluded Assets. Unless otherwise specifically agreed to, in writing, Registrant's service relative to the Excluded Assets is limited to reporting only. The sole exception to the above shall be if Registrant is specifically engaged to monitor and/or allocate the assets within the client's 401(k) account maintained away at the custodian directed by the client's employer. As such, except with respect to the client's 401(k) account (if applicable), Registrant does not maintain any trading authority for the Excluded Assets. Rather, the client and/or the client's designated other investment professional(s) maintain supervision, monitoring and trading authority for the Excluded Assets. If Registrant were asked to make a recommendation as to any Excluded Assets, the client is under absolutely no obligation to accept the recommendation, and Registrant shall not be responsible for any implementation error (timing, trading, etc.) relative to the Excluded Assets. In the event the client desires that Registrant provide investment management services for the Excluded Assets, the client may engage the Registrant to do so pursuant to the terms and conditions of the Investment Advisory Agreement between Registrant and the client.

**Portfolio Activity.** Registrant has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, Registrant will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, fund manager tenure, style drift, account additions/withdrawals, and/or a change in the client's investment objective. Based upon these factors, there may be extended periods of time when Registrant determines that changes to a client's portfolio are neither necessary nor prudent. Of course, as indicated below, there can be no assurance that investment decisions made by Registrant will be profitable or equal any specific performance level(s).

**Please Note: Cash Positions.** At any specific point in time, depending upon perceived or anticipated market conditions/events (there being **no guarantee** that such anticipated market conditions/events will occur), the Registrant may maintain cash positions for defensive purposes. All cash positions (money markets, etc.) shall be included as part of assets under management for purposes of calculating the Registrant's advisory fee. **The Registrant's Chief Compliance Officer, Jeffrey Pike, remains available to address any questions that a client or prospective may have regarding the above fee billing practice.**

- C. The Registrant shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, the Registrant shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on the Registrant's services.
- D. Registrant does not offer a wrap fee program for its investment advisory services. However, Registrant is a participating investment adviser in the "Lockwood Investment Strategies" wrap fee program sponsored by Lockwood Advisors, Inc., an unaffiliated SEC-registered investment adviser (the "Program Sponsor"). Participants in this wrap-fee program will enter into a separate agreement with the Program Sponsor, and pay their fees directly to the Program Sponsor (who, in turn, will remit a portion of those fees to Registrant). The advisory fees remitted to Registrant are based upon an annual percentage of assets under management, and are calculated by the Program Sponsor either on a quarterly basis or a monthly basis.

**Please Note: Wrap Programs:** In the event that Registrant is engaged to provide investment advisory services as part of an unaffiliated wrap-fee program, Registrant will be unable to negotiate

commissions and/or transaction costs. Under a wrap fee program, the wrap fee Program Sponsor arranges for the participant to receive investment advisory services, the execution of securities brokerage transactions, custody and reporting services for a single specified fee. Participation in a wrap fee program may cost the participant more or less than purchasing such services separately. **Please Note:** Since the custodian/broker-dealer is determined by the Program Sponsor, Registrant will be unable to negotiate commissions and/or transaction costs, and/or seek better execution. As a result, participants may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices on transactions for the account than would otherwise be the case through alternative clearing arrangements recommended by Registrant. Higher transaction costs adversely impact account performance. **The Registrant's Chief Compliance Officer, Jeffrey Pike, remains available to address any questions that a client may have regarding participation in a wrap fee program.**

- E. As of December 31, 2017, the Registrant had: \$489,449,043 in assets under management on a discretionary basis; and \$3,151,115 in assets under management on a non-discretionary basis.

## Item 5 Fees and Compensation

- A. The client can determine to engage the Registrant to provide discretionary and/or non-discretionary investment advisory services on a negotiable fee-only basis.

### **INVESTMENT ADVISORY SERVICES**

If the client determines to engage the Registrant to provide discretionary and/or non-discretionary investment advisory services on a fee-only basis, the Registrant's negotiable annual investment advisory fee is generally based upon a percentage (%) of the market value of the assets placed under the Registrant's management (between: 0.75% and 1.00%, except with respect to the Concentrated Positions strategy, DIAS and/or DIAS LITE service offerings described below) as follows:

<u>Portfolio Value</u>	<u>ANNUAL FEE</u>
First \$3,000,000	1.00%
Additional Assets between \$ 3,000,001 - \$10,000,000	0.85%
Amounts Exceeding \$10,000,000	0.75%

For the Concentrated Positions strategy, the Registrant's annual investment advisory fee is based on a fixed percentage of 0.50% of the market value of assets placed under management.

The Registrant's annual investment advisory fee for clients invested in DIAS and/or DIAS LITE is based upon a fixed percentage of 1.50% of the market value of the assets placed under management. As described in Item 5.C. below, clients invested in DIAS and/or DIAS LITE also pay an annual transaction fee to the broker-dealer/custodian equal to 20 basis points of the assets maintained with that broker-dealer/custodian. The minimum investment in a DIAS portfolio is \$50,000 per separate account; and \$200 per year payable to the broker-dealer/custodian for the annual transaction fee. The minimum investment in a DIAS LITE portfolio is \$10,000 per separate account; and \$200 per year payable to the broker-dealer/custodian. Multiple accounts may be opened to achieve investment objectives.

### **Fee Dispersion**

The Registrant's investment advisory fee is negotiable at Registrant's discretion, depending upon objective and subjective factors including but not limited to: the amount of assets to be managed; portfolio composition; the scope and complexity of the engagement; the anticipated number of meetings and servicing needs; related accounts; future earning capacity; anticipated future



additional assets; the professional(s) rendering the service(s); prior relationships with the Registrant and/or its representatives, and negotiations with the client. As a result of these factors, similarly situated clients could pay different fees, the services to be provided by the Registrant to any particular client could be available from other advisers at lower fees, and certain clients may have fees different than those specifically set forth above. **The Registrant's Chief Compliance Officer, Jeffrey Pike, remains available to address any questions that a client or prospective client may have regarding the above fee determination.**

- B. Clients may elect to have the Registrant's advisory fees deducted from their custodial account. Both the Registrant's Investment Advisory Agreement and the custodial/ clearing agreement may authorize the custodian to debit the account for the amount of the Registrant's investment advisory fee and to directly remit that management fee to the Registrant in compliance with regulatory procedures. In the limited event that the Registrant bills the client directly, payment is due upon receipt of the Registrant's invoice. Except for certain limited existing clients, the Registrant shall deduct fees and/or bill clients quarterly in arrears, based upon the market value of the assets on the last business day of the previous quarter.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, the Registrant shall generally recommend that Charles Schwab and Co., Inc. ("Schwab") and/or Fidelity Inc. ("Fidelity") to serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as Schwab and Fidelity charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). Clients invested in DIAS and/or DIAS LITE do not pay standard transaction costs, but rather, pay an annual fee to Schwab equal to 20 basis points of the assets maintained by Schwab. Schwab imposes a minimum \$200 fee in this respect. In addition to the Registrant's investment management fee and brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses). When beneficial to the client, individual fixed income and/or equity transactions may be effected through broker-dealers with whom Registrant and/or the client have entered into arrangements for prime brokerage clearing services, including effecting certain client transactions through other SEC registered and FINRA member broker-dealers (in which event, the client generally will incur both the transaction fee charged by the executing broker-dealer and a "tradeaway" fee charged by Schwab and/or Fidelity).
- D. Except for certain limited existing clients, the Registrant's annual investment advisory fee shall be prorated and paid quarterly, in arrears, based upon the market value of the assets on the last business day of the previous quarter. The Investment Advisory Agreement between the Registrant and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the Investment Advisory Agreement. Upon termination, the Registrant shall charge clients for advisory services on a prorated basis for services already rendered.
- E. Neither the Registrant, nor its representatives accept compensation from the sale of securities or other investment products.

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

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

## Item 7           Types of Clients

The Registrant's clients shall generally include: individuals, high net worth individuals, trusts, estates, pension and profit sharing plans, corporations, and other business entities. The minimum investment in a Concentrated Positions strategy is generally \$1,000,000. The minimum investment in a DIAS portfolio is \$50,000 per separate account. The minimum investment in a DIAS LITE portfolio is \$10,000 per separate account. The Registrant generally requires a minimum asset level of \$500,000 and an annual minimum fee of \$5,000 for all other services offerings. Therefore if a client maintains less than \$500,000 of assets under Registrant's management and is subject to the \$5,000 annual minimum fee, the client will pay a higher percentage annual investment advisory fee than the 1.00% referenced in Item 5.A. above. The Registrant, in its sole discretion, may reduce or waive its minimum fees, minimum investment requirements, and/or charge a lesser investment advisory 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, negotiations with client, etc.).

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

A. The Registrant may utilize the following methods of security analysis:

- Charting - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
- Fundamental - (analysis performed on historical and present data, with the goal of estimating value and making financial forecasts)
- Technical - (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)
- Cyclical - (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

The Registrant may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases - (securities held at least a year)
- Short Term Purchases - (securities sold within a year)
- Options - (contract for the purchase or sale of a security at a predetermined price during a specific period of time)

**Please Note: Investment Risk.** Investing in securities involves risk of loss that clients should be prepared to bear. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the Registrant) will be profitable or equal any specific performance level(s).

B. The Registrant's fundamental methods of analysis and investment strategies do not present any significant or unusual risks. However, the Registrant's investment strategies including concentrated positions and those utilizing option transactions present higher levels of risk as discussed further below.

Every method of analysis has its own inherent risks. To perform an accurate market analysis the Registrant must have access to current/new market information. The Registrant has no control over the dissemination rate of market information; therefore, unbeknownst to the Registrant, certain analyses may be compiled with outdated market information, severely limiting the value of the

Registrant's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

The Registrant's primary investment strategies - Long Term Purchases and Short Term Purchases - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy.

Concentrated Positions. Although Registrant generally employs a broad diversification strategy, there may be times when one position is more heavily weighted than others. Diversified portfolios generally incur less volatility and therefore less fluctuation in portfolio value than those with concentrated positions. Concentrated positions may offer the potential for higher gain, but also offer the potential for significant loss because there is the possibility that negative performance of the heavily weighted security will have a greater impact on the overall performance of the portfolio.

Option Strategies. The use of options transactions as an investment strategy involves a high level of inherent risk. Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller. Fulfillment may take the form of either selling or purchasing a security depending upon the nature of the option contract. Generally, the purchase or the recommendation to purchase an option contract by the Registrant shall be with the intent of offsetting/"hedging" a potential market risk in a client's portfolio. Conversely, the sale or recommendation to sell an option contract by the Registrant is typically used to generate income. Income is received from the proceeds of the option sale. Such income may be reduced to the extent it is necessary to buy back the option position prior to its expiration. This strategy may involve a degree of trading velocity, transaction costs and significant losses if the underlying security has volatile price movement.

Although the intent of the options-related transactions that may be implemented by the Registrant is to hedge against principal risk or to generate income, certain options-related strategies (i.e. straddles, short positions, etc.), may, in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies. In light of these enhanced risks, a client may direct the Registrant, in writing, not to employ any or all such strategies for their accounts. For detailed information on the use of options and option strategies, please refer to the Option Clearing Corp.'s Option Disclosure Document, which can be found at: <http://www.optionsclearing.com/components/docs/riskstoc.pdf>. Hard copies may be ordered by calling 1-888-678-4667 or writing OCC, 1 North Wacker Drive, Suite 500 Chicago, IL 60606.

- C. Currently, the Registrant primarily allocates client investment assets among various individual equity (stocks), debt (bonds) and fixed income securities, mutual funds and/or ETFs, in accordance with the client's designated investment objective(s). When consistent with a client's investment objectives, the Registrant may also allocate investment assets to options strategies, and to structured notes. Please refer to Items 4.B. and 8.B. above with respect to the additional considerations and risk factors involved in those strategies.

## **Item 9           Disciplinary Information**

The Registrant has not been the subject of any disciplinary actions.

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

- A. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. The Registrant does not have any relationship or arrangement that is material to its advisory business or to its clients with any related person, except as described below

**Licensed Insurance Agents.** Certain of Registrant's representatives, in their individual capacities, are licensed insurance agents and may recommend the purchase of certain insurance-related products on a commission basis. As referenced in Item 4.B above, clients can engage certain of Registrant's representatives to purchase insurance products on a commission basis.

**Conflict of Interest:** The recommendation by representatives that a client purchase insurance commission product presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Services' representatives. Clients are reminded that they may purchase insurance products recommended by or through other, non-affiliated insurance agents or broker-dealers. Registrant's Chief Compliance Officer, Jeffrey Pike, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.

- D. The Registrant does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

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

In accordance with Section 204A of the Investment Advisers Act of 1940, the Registrant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Registrant or any person associated with the Registrant.

- B. Neither the Registrant nor any related person of the Registrant recommends, buys, or sells for client accounts, securities in which the Registrant or any related person of the Registrant has a material financial interest.

- C. The Registrant and/or representatives of the Registrant may buy or sell securities that are also recommended to clients. This practice may create a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. Practices such as “scalping” (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if the Registrant did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, “front-running” (i.e., personal trades executed prior to those of the Registrant’s clients) and other potentially abusive practices.

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant’s “Access Persons.” The Registrant’s securities transaction policy requires that an Access Person of the Registrant must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person’s current securities holdings at least once each twelve (12) month period thereafter on a date the Registrant selects; provided, however that at any time that the Registrant has only one Access Person, he or she shall not be required to submit any securities report described above.

- D. The Registrant and/or representatives of the Registrant may buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. As indicated above in Item 11.C., the Registrant has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of the Registrant’s Access Persons.

## **Item 12 Brokerage Practices**

- A. In the event the client requests the Registrant recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct the Registrant to use a specific broker-dealer/custodian), the Registrant generally recommends that investment management accounts be maintained at Schwab and/or Fidelity. Prior to engaging the Registrant to provide investment management services, the client will be required to enter into a formal Investment Advisory Agreement with the Registrant setting forth the terms and conditions under which the Registrant shall manage the client’s assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors the Registrant considers in recommending Schwab and/or Fidelity (or any other broker-dealer/custodian to clients) include historical relationship with the Registrant, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by the Registrant’s clients shall comply with the Registrant’s duty to obtain best execution, a client may pay a commission that is higher than the commission that another qualified broker-dealer might charge to effect the same transaction where the Registrant determines, in good faith, that the commission/transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer’s services, including the value of research provided, execution capability, commission rates,

and responsiveness. Accordingly, although the Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, the Registrant's investment management fee. The Registrant's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, the Registrant may receive from Schwab and/or Fidelity (or another broker-dealer/custodian, investment platform, independent investment manager, and/or product/fund sponsor) without cost (and/or at a discount) support services and/or products, certain of which assist the Registrant to better monitor and service client accounts maintained at such institutions. The support services that Registrant may obtain could include: investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis travel and attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by the Registrant in furtherance of its investment advisory business operations.

Certain of the support services and/or products that may be received may assist the Registrant in managing and administering client accounts. Others do not directly provide such assistance, but rather assist the Registrant to manage and further develop its business enterprise.

The Registrant's clients do not pay more for investment transactions effected and/or assets maintained at Schwab and/or Fidelity as a result of this arrangement. There is no corresponding commitment made by the Registrant to Schwab and/or Fidelity or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities, or other investment products as a result of the above arrangement.

**The Registrant's Chief Compliance Officer, Jeffrey Pike, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding conflict of interest created by such arrangement.**

2. Schwab Referrals

The Registrant receives client referrals from Schwab through the Registrant's participation in Schwab Advisor Network™ (the "Service"), designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with the Registrant. Schwab does not supervise the Registrant and has no responsibility for the Registrant's management of clients' portfolios or the Registrant's other advice or services. The Registrant pays Schwab fees to receive client referrals through the Service. **The Registrant's participation in the Service may raise conflicts of interest described below.**

The Registrant pays Schwab a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by the Registrant is a percentage of the value of the assets in the client's account. The Registrant pays Schwab the Participation Fee for so long as the referred client's account remains in custody at Schwab and under the Registrant's management. The Participation Fee is billed to the Registrant quarterly and may be increased, decreased or waived by Schwab from time to time. The

Participation Fee is paid by the Registrant and not by the client. The Registrant has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs the Registrant charges clients with similar portfolios (pursuant to the Registrant's standard fee schedule as in effect from time to time) who were not referred through the Service.

The Registrant generally pays Schwab a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from Schwab, unless the client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed in custody other than at Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees the Registrant generally would pay in a single year. Thus, the Registrant will have an incentive to recommend that client accounts be held in custody at Schwab.

The Participation and Non-Schwab Custody Fees will be based on assets in accounts of the Registrant's clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, the Registrant will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit the Registrant's fees directly from the accounts.

For accounts of the Registrant's clients maintained in custody at Schwab, Schwab will not charge the client separately for custody but will receive compensation from the Registrant's clients in the form of commissions or other transaction-related compensation on securities trades executed through Schwab. Schwab also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades to be executed through Schwab rather than another broker-dealer. The Registrant nevertheless acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Schwab may be executed through a different broker-dealer than trades for the Registrant's other clients. Thus, trades for accounts custodied at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

**The Registrant's Chief Compliance Officer, Jeffrey Pike, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding conflict of interest such arrangement may create.**

3. Directed Brokerage
- 4.

Registrant recommends that its clients utilize the brokerage and custodial services provided by Schwab and Fidelity. Registrant does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Registrant will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Registrant. As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

**Please Note:** In the event the client directs Registrant to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs

than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Registrant. Higher transaction costs adversely impact account performance. **Please Also Note:** Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

**The Registrant's Chief Compliance Officer, Jeffrey Pike, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

- B. To the extent the Registrant provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless the Registrant decides to purchase or sell the same securities for several clients at approximately the same time. The Registrant may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Registrant's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. The Registrant shall not receive any additional compensation or remuneration as a result of such aggregation.

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

- A. For those clients to whom the Registrant provides investment supervisory services, account reviews are conducted on an ongoing basis by the Registrant's representatives. All investment supervisory clients are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review investment objectives and account performance with the Registrant on an annual basis.
- B. The Registrant **may** conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections, and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

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

- A. As referenced in Item 12.A.1 above, the Registrant may receive economic benefits from Schwab and/or Fidelity including support services or products without cost (and/or at a discount). The Registrant's clients do not pay more for investment transactions effected and/or assets maintained at Schwab and/or Fidelity as a result of this arrangement. There is no corresponding commitment made by the Registrant to Schwab, Fidelity or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities, or other investment products as a result of the above arrangement.



The Registrant also participates in the Service as referenced in Item 12.A.2 above, through which it may receive client referrals from Schwab. Please refer to Item 12.A.2 above for a complete description of the Service and the way in which the Registrant addresses any conflicts of interest which may arise as a result of this arrangement.

**The Registrant's Chief Compliance Officer, Jeffrey Pike, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding conflict of interest created by such arrangement.**

- B. If a client is introduced to the Registrant by either an unaffiliated or an affiliated solicitor, the Registrant may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from the Registrant's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to the Registrant by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of their solicitor relationship, and shall provide each prospective client with a copy of the Registrant's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between the Registrant and the solicitor, including the compensation to be received by the solicitor from the Registrant.

## **Item 15           Custody**

The Registrant engages in practices and services on behalf of its clients that require disclosure at the Custody section of Part 1 of Form ADV. Specifically, as a result of engaging in the following practices and services, the Registrant is deemed to have "custody" of client funds and securities: Registrant's related person acts as a trustee for the same client accounts that Registrant manages for a fee; Registrant's related persons serve as trustees of the Registrant's internal 401(k)/profit sharing plan, for which the Registrant's employees self-direct their investments; and Registrant's client has executed a standing letter of authorization authorizing the Registrant to transfer client funds to unaffiliated third parties for charitable purposes. As a result of these practices and services, the accounts for which the Registrant is deemed to have "custody" are subject to an annual surprise CPA examination in accordance with the requirements of Rule 206(4)-2 under the Investment Advisers Act of 1940.

In addition, the Registrant shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

**Please Note:** To the extent the Registrant provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by the Registrant with the account statements received from the account custodian. **Please Also Note:** The account custodian does not verify the accuracy of the Registrant's advisory fee calculation.

## **Item 16           Investment Discretion**

The client can determine to engage the Registrant to provide investment advisory services on a discretionary basis. Prior to the Registrant assuming discretionary authority over a client's account,

the client shall be required to execute an Investment Advisory Agreement, naming the Registrant as the client's attorney and agent in fact, granting the Registrant full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage the Registrant on a discretionary basis may, at any time, impose restrictions, **in writing**, on the Registrant's discretionary authority. (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe the Registrant's use of margin, etc.).

## **Item 17      Voting Client Securities**

Unless the client directs otherwise in writing, the Registrant is responsible for voting client proxies (**However**, the client shall maintain exclusive responsibility for all legal proceedings or other type events pertaining to the account assets, including, but not limited to, class action lawsuits.). The Registrant shall vote proxies in accordance with its Proxy Voting Policy, a copy of which is available upon request. The Registrant shall monitor corporate actions of individual issuers and investment companies consistent with the Registrant's fiduciary duty to vote proxies in the best interests of its clients. Although the factors which the Registrant will consider when determining how it will vote differ on a case by case basis, they may, but are not limited to include: a review of recommendations from issuer management, shareholder proposals, cost effects of such proposals, or the effect on employee, executive, or director compensation. With respect to individual issuers, the Registrant may be solicited to vote on matters including corporate governance, adoption or amendments to compensation plans (including stock options), and matters involving social issues and corporate responsibility. With respect to investment companies (e.g., mutual funds), the Registrant may be solicited to vote on matters including the approval of advisory contracts, distribution plans, and mergers. The Registrant shall maintain records pertaining to proxy voting as required pursuant to Rule 204-2 (c)(2) under the Advisers Act. Copies of Rules 206(4)-6 and 204-2(c)(2) are available upon written request. In addition, information pertaining to how the Registrant voted on any specific proxy issue is also available upon written request. Requests should be made by contacting the Registrant's Chief Compliance Officer, Jeffrey Pike.

## **Item 18      Financial Information**

- A. The Registrant does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. The Registrant is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. The Registrant has not been the subject of a bankruptcy petition.

**ANY QUESTIONS: The Registrant's Chief Compliance Officer, Jeffrey Pike, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**