



ADV PART 2A - BROCHURE

Item 1 – Cover Page

Miles Capital, Inc.

1415 28th St. Suite 200
West Des Moines, IA 50266

515-453-8400

www.miles-capital.com

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This Brochure provides information about the qualifications and business practices of Miles Capital, Inc. ("Miles Capital"). If you have any questions about the contents of this brochure, please contact us by emailing ggosselink@miles-capital.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any State Securities Authority.

Additional information about Miles Capital is also available through the SEC's website www.adviserinfo.sec.gov.

Miles Capital is registered as an investment adviser. Registration as an Investment Adviser does not imply any level of skill or training.

Item 2 – Material Changes

There have been no material changes since the last annual update of Miles Capital's Brochure dated March 29, 2018.

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Item 4 – Advisory Business

Firm Overview

Miles Capital was formed in 1982 and is an investment adviser registered with the Securities and Exchange Commission. The firm is a wholly owned subsidiary of Miles Capital Holdings, Inc., an Iowa corporation. David Miles is the Chairman of the Board and is the principal owner of Miles Capital Holdings, Inc.

Guided by the principles of client service, integrity and investment performance, we have successfully served insurance companies, institutions, municipalities and government agencies, foundations and endowments, retirement plans and individual investors since our organization in 1982.

Services

Miles Capital provides investment advisory services to our clients through customized portfolios of securities, which include equity securities (exchange-listed securities, exchange-traded funds, securities traded over-the-counter, and ADRs); warrants; corporate debt securities; commercial paper; municipal securities; investment company securities (mutual funds shares); United States Government securities; bank deposits; and other securities, including convertible bonds, preferred stocks, alternative assets (private equity hedge funds, real estate, and commodities), or commercial mortgage loans. Miles Capital offers several investment strategies. Each strategy adheres to the firm's investment process and guidelines for the respective strategy. Please see Item 8 for more information.

Miles Capital also provides investment management services tailored to the individual needs of our clients within the framework of established written investment guidelines or investment policy statements. These services include, but are not limited to, the purchase, sale, retention or other disposition of securities.

Wrap Fee Program Management Services

Miles Capital does not sponsor wrap fee programs, but we may serve as an investment advisor in wrap fee programs offered by unaffiliated broker-dealers that act as sponsors for these accounts. In such wrap accounts, the client pays no brokerage or other costs of investment, but pays a flat fixed fee to the sponsor. We provide advisory services to these accounts and receive a percentage of the total wrap fee collected by the sponsor. The sponsor usually retains the remainder of the wrap fee to cover its costs for brokerage services and administrative functions. The level of wrap fee is determined by the program sponsor and Miles Capital's portion of the fee is negotiated with each sponsor.

Mutual Funds and Other Pooled Investment Vehicles

Miles Capital serves as the investment adviser to Miles Funds, Inc., an affiliated investment company. Miles Capital also provides investment management services to a variety of non-affiliated mutual funds and pooled investment funds. In connection with its advisory services to the funds, Miles Capital may receive advisory, manager and/or administration fees from the funds. Clients should carefully review each mutual fund prospectus or other offering documents for more detailed information regarding a fund advised by Miles Capital.

As of February 28, 2019, Miles Capital had approximately \$1.8 billion in assets under management, all of which are discretionary.

Item 5 – Fees and Compensation

While fees may be individually negotiated, clients will generally pay a percentage of assets under management as established in a client's written agreement with us. Miles Capital will generally bill fees on a quarterly basis, in advance or arrears, or at such other times as may be agreed upon by the parties. Clients may be billed directly for fees or they may authorize us to directly debit fees from the account. Our fees are not prorated for each capital contribution and withdrawal made during the applicable calendar quarter. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

Miles Capital's fees are exclusive of certain charges imposed by custodians, brokers, and other third parties such as fees charged by other managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. In managing client assets, we may invest in mutual funds or exchange traded funds. These funds include in their operating expenses a management fee to an investment adviser. Investments in funds result in a layering of fees. Mutual funds incur other costs and expenses that are in addition to fees paid to us.

Miles Capital's standard annual fee schedule is as follows:

	Asset Tier	Percent
Equities	First \$25 million	0.65%
	Next \$25 million	0.60%
	Next \$50 million	0.50%
	Thereafter	0.45%
	Minimum Revenue	\$50,000

	Asset Tier	Percent
Fixed Income - Insurance	First \$50 million	0.25%
	Next \$50 million	0.15%
	Next \$150 million	0.125%
	Thereafter	0.10%
	Minimum Revenue	\$50,000

	Asset Tier	Percent
Fixed Income - Non Insurance	First \$50 million	0.30%
	Next \$50 million	0.20%
	Next \$150 million	0.15%
	Thereafter	0.10%
	Minimum Revenue	\$50,000

	Asset Tier	Percent
Fixed Income - Cash	All Assets	0.15%

	Asset Tier	Percent
Sub-Advisory	20% discount from Fixed Income - Non Insurance and/or Equities Fee Schedule	
	Minimum Revenue	\$50,000

	Asset Tier	Percent
High Net Worth	All Assets	1.00%
Minimum Account Size \$1 million		

	Asset Tier	Percent
Alternative Assets	All Assets	0.45%

	Asset Tier	Percent
Commercial Mortgage Loans	First \$100 million	0.30%
	Thereafter	0.25%
	Minimum Revenue	\$60,000
	Fees for other related loan services may apply	

Unless otherwise noted, the minimum account size for all of the above categories is \$5 million. These minimum account sizes and fees are negotiable under limited circumstances.

Mutual Funds

Miles Capital advises registered investment companies that pay the firm an asset-based management fee on a monthly basis, based on the average daily assets in the fund. Fees payable to Miles Capital for investment management services of mutual funds are individually negotiated with each fund's Board. Shareholders should read the prospectus of a fund for further information regarding fund fees.

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

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

Item 7 – Types of Clients

Miles Capital provides investment management services to insurance companies and other corporations, banks, corporate pension and profit-sharing plans, charitable institutions, foundations, endowments, municipalities and government agencies, registered mutual funds, private investment funds, trust programs, other U.S. institutions, and high net worth individuals.

Miles Capital has minimum account sizes for its strategies. See Item 5 for more information regarding Miles Capital account minimum.

A client may remove Miles Capital as the investment manager upon written notice of termination based on the terms of the investment management agreement in effect. Termination of an advisory agreement by a client will not affect transactions previously initiated on the client's behalf prior to the effective date of the termination. If Miles Capital chooses to terminate its relationship with a client, Miles Capital must generally give the client 30 days written notice, unless otherwise stated within the investment management agreement.

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

Miles Capital seeks to provide investment strategies that identify and control risk while capitalizing on long-term economic, demographic and cultural trends, as well as fundamental shifts in business practices.

Large Cap Diversified Equity Strategy, Equity Income Strategy and Global Strategy

Miles Capital's investment strategy for the Large Cap Diversified Equity Strategy, Equity Income Strategy and Global Strategy (the "Strategies") is unique, in part due to the portfolio manager's proprietary selection process of identifying companies that the manager believes possess entrepreneurial characteristics. The Strategies utilize quantitative models to narrow the broad universe of domestic and foreign companies in which they may invest down to a list of several hundred companies. The strategies then use fundamental analysis to identify from this list the entrepreneurial companies that they believe have the highest potential for long-term capital appreciation. By way of example, in conducting the fundamental analysis, the Strategies look for companies with a good business, shareholder-oriented management and organic growth. The portfolio manager will generally sell a

portfolio security when the portfolio manager believes the security has achieved its value potential; changing fundamentals signal a deteriorating value potential; or other securities with entrepreneurial characteristics have better performance potential.

Large Cap Diversified Equity Strategy

The Large Cap Diversified Equity Strategy invests primarily in equity securities of domestic companies with market capitalizations that are above \$300 million at the time of initial purchase and possess entrepreneurial characteristics (“entrepreneurial companies”), as determined by the Strategy’s portfolio manager. Equity securities include common stocks, preferred stocks, convertible preferred stocks, warrants, options and American Depositary Receipts.

Equity Income Strategy

The Equity Income Strategy primarily invests in equity securities of high-quality domestic companies with a reliable history of dividend income and moderate capital appreciation, as determined by the Strategy’s portfolio manager. Equity securities include common stocks, preferred stocks, convertible preferred stocks and American Depositary Receipts.

Global Strategy

The Global Strategy mainly invests in equity securities of global companies with market capitalizations that are above \$300 million at the time of initial purchase and are considered entrepreneurial companies, as determined by the Strategy’s portfolio manager. Equity securities include common stocks, preferred stocks, convertible preferred stocks, warrants, options and American Depositary Receipts.

Normally, the Strategy will invest at least 40% of its assets in equity securities of companies domiciled or headquartered outside of the United States, or whose primary business activities or principal trading markets are located outside of the United States (“foreign companies”), unless market conditions are not deemed favorable by the Strategy’s portfolio manager, in which case Miles Capital may invest less than 40% of its assets in securities of foreign companies. The Global Strategy may invest in a broad range of securities in both developed and emerging markets.

Large-Cap Core Strategy, Dividend Advantage Strategy, Small-Cap Core Strategy, International Strategy and REITS Strategy (the “Strategies”)

Miles Capital believes the foundation for consistent equity performance is driven through a focus on portfolio construction, diversifying critical risks and selecting securities with

strong fundamental characteristics. Our objective is to capture market-like upside and provide downside risk protection.

Our investment process begins with identifying the appropriate universe of securities that will be filtered and used to construct the model portfolio. We then identify the target risk and portfolio metrics for each strategy, based on research and the characteristics of each unique selection set. The goal is to minimize unintended risks and limit downside volatility.

Our security selection process is a bottom-up oriented, two-step process that is focused on identifying securities with the characteristics we believe are necessary to deliver economic value. The first step is a quantitative screening process. The securities are ranked to efficiently narrow the universe of securities to a group with consistent earnings and profitability characteristics and strong liquidity, while maintaining diversification across market capitalizations, sectors, and subsectors. The second step is a qualitative analysis. Fundamental analysis is conducted on an organized group of stocks that already exhibit attractive characteristics. The ultimate goal of our selection process is to build a diversified portfolio of stocks that have attractive asymmetric return profiles – strong upside potential with limited downside risk.

Large-Cap Core Equity Strategy

The Large-Cap Core Equity Strategy invests in a broadly diversified portfolio of large capitalization stocks selected primarily from the roster of the Standard & Poor's 500 Index. The process focuses on quantitative screening and fundamental analysis. Equity securities include common stocks, and American Depositary Receipts.

Dividend Advantage Strategy

The Dividend Advantage Strategy invests in a broadly diversified equity portfolio with characteristics of below-market valuation and above average dividend yield. Equity securities include common stocks, and American Depositary Receipts.

Small-Cap Core Equity Strategy

The Small Cap Core Equity Strategy invests primarily in equity securities of companies with market capitalization of \$250 million to \$2.5 billion at the time of initial purchase that meet a combination of quantitative screening and fundamental research and analysis, as determined by the Strategy's portfolio manager. Equity securities include common stocks, and American Depositary Receipts.

International Strategy

The International Equity Strategy invests primarily in equity securities of internationally-domiciled companies with market capitalization of over \$2 billion at the time of initial

purchase that meet a combination of quantitative screening and fundamental research and analysis, as determined by the Strategy's portfolio manager. Equity securities are primarily American Depositary Receipts but may include common stocks and preferred stocks.

REITS Strategy

The REITs Strategy invests primarily in equity securities of Real Estate Investment Trusts with market capitalization of over \$2 billion at the time of initial purchase that meet a combination of quantitative screening and fundamental research and analysis, as determined by the Strategy's portfolio manager. Equity securities primarily include common stocks, preferred stocks and American Depositary Receipts.

Risks

Investors in Miles Capital's equity Strategies may lose money. The Strategies are intended for investors who are willing to withstand the risk of price fluctuations in exchange for potential long-term capital appreciation. There are risks associated with the types of securities in which these Strategies invest. These risks include:

Equity Securities Risk – Equity securities include common stocks, preferred stock, convertible securities, convertible preferred stocks, warrants, options and American Depositary Receipts. Equity markets can be volatile. Stock prices rise and fall based on changes in an individual company's financial condition and overall market conditions. Stock prices can decline significantly in response to adverse market conditions, company-specific events, and other domestic and international political and economic developments.

Common Stocks – Common stocks represent an ownership interest in a company. They may or may not pay dividends or carry voting rights. Common stock occupies the most junior position in a company's capital structure. Debt securities and preferred stocks have rights senior to a company's common stock. Although common stocks have a history of long-term growth in value, their prices fluctuate based on changes in a company's financial condition and on overall market and economic conditions.

Small and Medium Sized Companies Risk – Strategies that invest in small and medium sized companies, which may have more limited liquidity and greater price volatility than larger, more established companies. Small companies may have limited product lines, markets or financial resources and their management may be dependent on a limited number of key individuals.

Credit Risk – The credit rating or financial condition of an issuer may affect the value of that issuer’s securities. Adverse economic conditions may weaken the capacity of an issuer to meet its obligations which will likely create an adverse effect on the value of the issuer’s securities.

Foreign Securities Risk – The securities of foreign issuers may be less liquid and more volatile than securities of comparable U.S. issuers. The costs associated with security transactions are often higher in foreign countries than in the U.S. The U.S. dollar value of foreign securities traded in foreign currencies (and any dividends and interest earned) held in the Strategy may be affected favorably or unfavorably by changes in foreign currency exchange rates. An increase in the U.S. dollar relative to these other currencies will adversely affect the Strategy. Additionally, investments in foreign securities, even those publicly traded in the United States, may involve risks that are in addition to those inherent in domestic investments. Foreign companies may not be subject to the same regulatory requirements of U.S. companies, and as a consequence, there may be less publicly available information about such companies. Also foreign companies may not be subject to uniform accounting, auditing, and financial reporting standards and requirements comparable to those applicable to U.S. companies. Foreign governments and foreign economies often are less stable than the U.S. Government and the U.S. economy.

Emerging Markets Risk – Investments in emerging market countries may have more risk because the markets are less developed and less liquid as well as being subject to increased economic, political, regulatory or other uncertainties.

Quantitative Investment Approach Risk – Some Strategies may utilize a combined approach of quantitative and qualitative analysis. Those Strategies employ a number of quantitative filters in identifying a broad array of entrepreneurial companies and then the Strategy performs fundamental analysis in determining its final stock selection. While the portfolio manager continuously reviews and refines, if necessary, his investment approach, there may be market conditions where the quantitative or qualitative investment approaches perform poorly.

Index Risk – The performance of the Strategies that seek to correspond generally with the performance of a specific index may diverge for the actual performance of the index.

Fixed Income Investment Strategies

Miles Capital's fixed income team manages a variety of fixed income strategies.

Each of these strategies is managed according to the same investment philosophy and process. In particular, Miles Capital uses a time-tested and proven fixed income investment philosophy and process to guide effective investment decisions and generate superior performance. Investment decisions are driven by the opportunity to capture additional returns while managing portfolio risk. Since 1982, the firm's philosophy has emphasized three central tenets: (1) Capital preservation, (2) Risk-aware portfolio construction, and (3) a yield advantage over the appropriate index.

Our fixed income investment process begins with a disciplined top-down analysis of the global and domestic trends that influence the U.S. dollar denominated fixed income market. Our process further defines a desired level of interest rate risk, yield curve positioning, sector rotation and security selection. The selection of specific issues to be included in a portfolio is a bottom-up process which identifies the best securities within a sector or industry that already has been identified as attractive through the top-down analysis. Collectively, these decisions are combined with defined risk parameters to achieve an optimal portfolio. This process, consistently applied over time, has a goal of delivering consistent returns in excess of the benchmark over the market cycle.

Core Fixed Income Strategy

The objective of the Core Fixed Income strategy is to produce consistent excess returns through active management of a diversified portfolio of core intermediate term bonds while targeting an effective duration of 4 – 6 years.

Intermediate Core Fixed Income Strategy

The Intermediate Core Fixed Income Strategy's objective is to produce consistent excess returns through active management of a diversified portfolio of core intermediate-term bonds while targeting an effective duration of 2 – 5 years.

Intermediate High Quality Fixed Income Strategy

The Intermediate High Quality Fixed Income Strategy's objective is to produce consistent excess returns through active management of a diversified portfolio of high quality intermediate-term bonds, with a minimum credit rating of A, while targeting an effective duration of 2 – 5 years.

Tax Advantaged Bond Strategy (Insurance and Sector Specific)

The objective of the Tax Advantaged Bond Strategy is to maximize book yield appropriate for clients' liabilities within a tax-exempt framework while targeting an effective duration of 2 – 8 years.

Customized Target Duration (Insurance and Sector Specific)

The objective of the Target Duration Strategies is to produce a high level of book yield appropriate for clients' liabilities and risk tolerances, investing in core and tax-advantaged securities, while targeting an effective duration for the clients' specific need. The Limited Duration Strategy targets an effective duration of 2 – 5 years, the Intermediate Duration targets effective duration of 3 – 6 years and the Long Duration Strategy targets an effective duration of longer than 6 years.

Risks

Interest Rate Risk – Changes in interest rates may adversely affect the value of an investor's portfolio. Rising interest rates cause the price of fixed income securities to fall and declining rates cause fixed income securities prices to rise.

Credit Risk – The credit rating or financial condition of an issuer may affect the value of a fixed income debt security. Generally, the lower the quality rating of a security, the greater the risk that the issuer will fail to pay interest and return principal. Adverse economic conditions may weaken the capacity of an issuer to pay interest and repay principal causing a security to lose some or all of its value.

Prepayment Risk – Prepayment is the risk that an issuer will redeem a callable bond prior to maturity. Prepayment may occur when market rates of interest decline, covenant issues arise including covenant violations, change of control and other such issues. The risk to the investor is one of reduced interest flows for an investor if proceeds are reinvested at a reduced rate. Mortgage backed securities may experience irregular cash flow when borrowers pay off their mortgages earlier than expected.

Alternative Investment Strategies

Miles Capital may invest in alternative asset classes and strategies for their clients, which include hedge funds, private equity, commodities and real estate. To construct a portfolio of alternative investments, Miles Capital selects among top-tier managers seeking an optimal risk/return profile. Miles Capital performs initial and ongoing due diligence and

oversight of the managers by monitoring the fund's structure, changes to personnel, the investment process, risk management factors, performance, client services, compliance and valuation among other factors. At regular intervals, Miles Capital will examine performance, portfolio attributes and other factors.

Risks

Hedge Investment Strategies – Funds utilizing a hedge strategy have broad flexibility in their investment mandates and may utilize a variety of investment strategies, including equities, fixed income, commodities, currencies and interest rates. Investments may be long or short, employ leverage, have limited liquidity and may be made outside the U.S. Additionally, such funds may use derivative or synthetic instruments either to express directional market views or to offset risks of other investments in their portfolios. Hedge strategies are often highly complex; this complexity increases the difficulty of obtaining full transparency for underlying exposures, assessing risk and valuing positions, which in turn can lead to increased market volatility. Additionally, there can be no assurance that hedging transactions, if any are undertaken, would fully protect a client against such risks.

Private Equity Strategies – There are inherent risks in investing in private equity companies, which encompass financial institutions or vehicles whose principal business is to invest in and lend capital to privately held companies. Generally, little public information exists for private and thinly traded companies, and there is a risk that investors may not be able to make a fully informed investment decision.

Lack of Liquidity – Investments in alternatives funds should be regarded as illiquid. They are not listed on an exchange, traded in the secondary market and are generally not transferable.

Commercial Mortgage Loans Strategy (CML)

Miles Capital offers its insurance clients the ability to invest in customized portfolios of high quality Senior Mortgage Loans with strong fundamental characteristics through participation or direct loan opportunities. CML potentially offers a yield advantage with favorable risk and capital charge characteristics.

Risks

The risks inherent to a CML strategy include those fundamental to the real estate market including market specific fluctuations, tenant credit deficiencies, insufficient diversification and limited liquidity. These risks may affect the net operating income of a property and diminish the value of the secured real estate asset.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Miles Capital or the integrity of Miles Capital's management. Miles Capital has no legal or disciplinary events that would be material to your evaluation of the firm.

Item 10 – Other Financial Industry Activities and Affiliations

Miles Capital serves as administrator and provides fund accounting and transfer agent services to mutual funds and local government investment pools, for which we are separately compensated.

Miles Capital is the adviser and administrator for the Iowa Public Agency Investment Trust ("IPAIT"). Founded in 1986, IPAIT is a local government investment pool designed exclusively for the public agencies in the State of Iowa.

Miles Capital is also the adviser, administrator, fund accountant, and transfer agent for the Institutional Money Market Fund, which is a separate series of Miles Funds, Inc. which is also a diversified open-end investment company operated as a money market fund.

Miles Capital is majority Member of Weston Global Equity Advisers, LLC ("Weston Global"), an Iowa investment advisory firm, and thus engages in financial industry activities with Weston Global. Weston Global serves as investment sub-adviser for certain equity strategies managed for clients of Miles Capital. Gregory D. Boal, Chief Executive Officer and CIO of Miles Capital, also serves as Manager and Chief Executive Officer for Weston Global and thus has control over both the adviser and sub-adviser.

Miles Capital may have agreements with certain broker-dealers, their representatives and other persons that compensate such persons as solicitors for assisting us with finding new clients. Solicitor agreements comply with Rule 206 (4) – 3 under the Investment Advisors Act of 1940 and are in writing. Disclosure of the agreement and the fee paid is provided to clients before establishing an advisory relationship with client. The "finder's fee" is usually a flat fee or a percentage of the advisory fees that we receive. The fee is paid from the fees we collect and is not paid by the client.

Miles Capital also receives payments from Federated Investors for clients who have invested in Federated Funds. Certain of Miles Funds were transferred to Federated, who pays a fee to Miles Capital based on the continued investment of transferred shareholders.

Item 11 – Code of Ethics

Miles Capital has adopted a Code of Ethics (the “Code”) describing its fiduciary duty to act in the best interests of its clients. The Code explains this duty and the general standards of conduct and practices to be followed by all employees. Miles Capital’s Code includes provisions relating to required standards of conduct and personal securities trading procedures.

Miles Capital anticipates that it will recommend to investment advisory clients the purchase or sale of securities in which its employees may have a position or interest. Similarly, its employees may buy or sell securities that Miles Capital clients own. In these situations, Miles Capital and its employees have an incentive to gain from client activity. Miles Capital’s Code contains guidelines that Miles Capital and its employees must follow with regard to such securities transactions. These guidelines are designed to provide reasonable assurance that the personal securities transactions, activities and interests of Miles Capital employees will not interfere with the interests of advisory clients while, at the same time, allowing employees to invest for their own accounts.

Under the Code, certain classes of securities have been designated as exempt based upon a determination that these do not materially interfere with the best interests of Miles Capital clients. Apart from these securities, the Code requires pre-clearance of transactions, and restricts trading that is proximate in time to client trading activity. Because the Code in some circumstances permits employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is routinely monitored to provide reasonable assurance that conflicts of interest between Miles Capital and its clients are addressed.

Miles Capital employees with access to client information may potentially use this knowledge to their personal advantage by seeking to influence the price of a security that both Miles Capital clients and the employee own. An employee could therefore seek to transact ahead of clients for personal gain or sell prior to clients to prevent or diminish loss. Accordingly, the policies and procedures outlined above assist in mitigating this conflict. Additionally, the Code contains restrictions on the buying or selling of securities while an employee is in possession of material, non-public, “inside information” concerning the security or issuer.

The Code also contains guidelines and restrictions related to gifts and entertainment. Giving or accepting gifts on the part of employees creates a conflict of interest as it raises

questions about the independent judgment of the employees who receive gifts and the intent of third parties who provide them.

Involvement in any outside employment or business activity may create a conflict of interest when it interferes with an employee's ability to perform the duties of his or her job. Miles Capital prohibits engagement in outside activity that interferes with its business activities or potentially creates a conflict of interest with an employee's responsibilities.

The Code has strict guidelines all employees must follow to minimize these conflicts noted above. All employees at Miles Capital must acknowledge the terms of the Code of Ethics annually, and upon amendment. Sanctions may include termination of employment in the case of serious offenses or other penalty.

Miles Capital clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Gwen Gosselink, Chief Compliance Officer, at 515-453-8400 or ggosselink@miles-capital.com.

Item 12 – Brokerage Practices

Broker Selection

Miles Capital typically is authorized to select brokers and dealers and negotiate transaction prices, mark-ups and markdowns, and brokerage commission rates for its clients. Miles Capital, as a matter of policy and practice, seeks to obtain best execution for client transactions. Best execution is defined as the best combination of quality execution and price given the particular circumstances of a transaction.

In evaluating broker-dealers to execute clients' portfolio transactions, consideration is given to such factors as the price, the capital position of the broker, the responsiveness, reliability, integrity, general execution and operational capabilities of the broker, and broad market coverage resulting in a continuous flow of information. Initial approval of brokers is based on fundamental credit analysis of the firm, approval of the overall scope of services of the broker and a determination of operational readiness.

Client Directed Brokerage

Some clients have custodial arrangements with broker-dealers and, as a result, may choose to direct brokerage transactions through particular brokers or dealers. Although Miles Capital generally discourages such direction, we do permit client direction in certain circumstances, ensuring that clients are apprised of the potential risks associated with directed brokerage. Those risks include: 1) higher commissions, larger spreads or less

favorable net prices than would be the case if Miles Capital selected the brokers; 2) loss in benefits that accrue in aggregating orders with similar trades for other client accounts; or 3) disparity in returns to those of other client account with similar strategies that do not direct brokerage.

Aggregation and Allocation

Miles Capital's trade aggregation and allocation policy is designed to ensure that clients are treated equitably over time and that no client account is systematically advantaged or disadvantaged. When clients participate in aggregated transactions, they will typically receive a pro-rata allocation at the average share price and transaction costs will be shared equally on a pro-rata basis. Precise pro-rata allocations among clients may not be achieved due to factors such as the rounding of quantities to achieve round lot positions in client accounts. Additionally, small execution quantities occurring over multiple days trading may result in some clients receiving different execution prices in the same security on subsequent days.

Miles Capital may choose to exclude certain accounts from a strategic trade if it is determined that the allocation that the account will receive will be too small and undesirable for the client due to potential custodial trade ticket fees or other transaction costs.

Trades for client accounts in the same strategy will typically be aggregated. New account funding trading and cash flow trades may or may not be aggregated with other trades. Aggregation will depend on the circumstances and timing of the cash flow.

Trades for clients that direct Miles Capital to use a particular broker-dealer (directed brokerage) will typically not be aggregated with clients who allow Miles Capital to choose the broker-dealer. However, Miles Capital may aggregate trades for multiple directed accounts that direct the firm to use the same broker-dealer.

When trades are not aggregated, it could result in some clients receiving a better price, commission, or execution than other clients. Miles Capital strives to obtain competitive commission rates for all client trades.

On occasion, an aggregated order may not receive sufficient amounts of the security to fill the order for all accounts (partial fill). The executed portion of the order will generally be allocated on a pro-rata basis, subject to certain exemptions. Smaller accounts may receive a full allocation or may be excluded depending on order size.

Soft Dollars

In purchasing and selling securities for clients, Miles Capital seeks to obtain quality execution at favorable security prices through responsible broker-dealers, at competitive commission rates. However higher brokerage commissions (Soft Dollars) may be paid in return for brokerage as well as research and services (Research).

To the extent that portfolio transactions are effected with broker-dealers who furnish Research, Miles Capital will receive a benefit used to service all client accounts and not just those accounts that generate the soft dollar credits. We maintain a list of approved broker-dealers, which is used in the placement of our securities transactions business, in order to induce certain broker-dealers to provide us with Research.

We may receive products and services which are used for both Research and other purposes such as administration and marketing. We determine the relative proportions of such products or services which may be attributed to Research. The portion attributable to Research may be paid through the Soft Dollars generated by the client brokerage commissions, and the non-Research portion will be paid in cash by us.

Although no client pays additionally for this Research, commissions charged by broker-dealers who supply such Research may be greater than those who do not. Since we use Research received from broker-dealers for managing all of our accounts, the burden of paying for this research may fall on clients who do not direct their brokerage.

The Research from broker-dealers includes information on the economy, industries, groups of securities, individual companies, statistical information, accounting and tax law interpretations, political developments, legal developments affecting portfolio securities, technical market action, pricing and appraisal services, credit analysis, risk measurement analysis, performance analysis and analysis of corporate responsibility issues. Research is received primarily in the form of written reports, computer generated services, telephone contacts and personal meetings with security analysts. Some Research is generated by third parties but is provided to Miles Capital by broker-dealers.

The broker-dealer may provide Research pursuant to an agreement entered into to compensate the selected broker-dealer for Research provided. We maintain internal allocation procedures to identify those broker-dealers who have provided us with Research and the amount provided, and endeavor to direct sufficient commissions to ensure continued receipt of such Research.

Research received from broker-dealers is supplemental to our own research efforts and, when utilized, is subject to internal analysis before being incorporated by us. We pay cash for certain research services received from external sources. While the receipt of Research from brokerage firms has not reduced Miles Capital's normal research activities, the expense of Miles Capital could be materially increased if it attempted to generate such additional information through its own staff. To the extent that Research is provided by broker-dealers, we are relieved of expense which we might otherwise bear.

We will authorize payment of an amount of commission for effecting a securities transaction in excess of the amount of commission another broker-dealer would have charged only if we determine in good faith that such amount of commission is reasonable in relation to the value of the brokerage and Research provided by such broker-dealer, viewed in terms of either that particular transaction or our overall responsibilities with respect to the accounts as to which we exercise investment discretion.

Soft Dollar benefits are not limited to those clients who may have generated a particular benefit. Soft Dollar benefits are not proportionally allocated to any accounts that may generate different amounts of the Soft Dollar benefits.

Client Directives

Clients may designate certain securities or types of securities which, for various reasons, they prefer to hold or not to hold in their accounts. Clients may also restrict the amount of gain or loss to be realized in any given tax year. These client restrictions may or may not adversely affect investment returns.

Cross Trades

It is generally the policy of Miles Capital to not participate in cross trades between client accounts. A cross trade would only be permitted in the event the portfolio manager believed the transaction was in the best interest of both accounts, disclosure was provided to each client about the potential conflict of interest and each client consents to the transaction.

Trade Errors

In the event a trade error is made by Miles Capital, we will reimburse any losses to the client caused by our error. The client will not be financially disadvantaged. Typically, any gains as a result of a trade error will be maintained in the client account.

New Issues

To the extent that Miles Capital participates in new issues or initial public offerings (IPOs) we will ensure that eligible client accounts are treated fairly and equitably. IPOs may not be appropriate for all investment styles. Clients who specify a broker-dealer as their custodian may not be eligible to participate in a particular IPO unless their broker-dealer is part of the underwriting syndicate. If we acquire shares in an IPO for our clients, we will allocate IPO shares first, on the basis of eligibility, that is, the appropriate fit with the investment strategy and risk, custody arrangements, and broker-dealer's participation in the underwriting. It is possible that not all eligible accounts will participate in every allocation of IPO shares.

Item 13 – Review of Accounts

All accounts are continuously monitored and reviewed by the investment team to ensure consistency of performance and adherence to the client's investment objectives and guidelines. Interim reviews are triggered by a number of factors, including changes in these objectives and guidelines.

Miles Capital clients typically receive a portfolio statement at least quarterly, including a list of portfolio holdings, performance data, and comments by the Portfolio Manager regarding the strategy employed. Supplementary reports are available upon request. In addition to these reports, some clients receive reports directly from their advisor, broker, or custodian, including confirmation of trades executed for their account. Most clients also receive complimentary research pieces developed by Miles Capital. Relationship managers meet with clients at least annually to review performance, investment objectives and guidelines.

For mutual funds, regulatory reports are prepared and filed with the SEC. Information is also prepared and presented to the fund board. In addition, the board and each shareholder are provided with an Annual Audited Financial Report and a Semi-Annual Unaudited Financial Report.

Item 14 – Client Referrals and Other Compensation

See Item 10 – Other Financial Industry Activities and Affiliations for a discussion of client referrals and other compensation we receive.

Item 15 – Custody

Miles Capital does not act as a custodian and will not take possession of a client's securities or other assets. In establishing a relationship with us we recommend that the client use a bank or trust company or broker-dealer as custodian of the client's assets. At the client's request, we may suggest a specific custodian based on execution, clearance and settlement capabilities and costs, and Miles Capital's knowledge of the custodian's financial stability and capabilities. We are not compensated for this assistance by either the client or by the custodian.

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

Item 16 – Investment Discretion

Miles Capital generally receives discretionary authority from the client at the outset of an advisory relationship. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. The authority and any limitations of authority will be described in the written agreement with the client.

Client portfolios are managed by following the established strategy investment guidelines and additional client-requested investment restrictions, if any, that are incorporated into the investment management agreement between Miles Capital and the client. For registered investment companies, Miles Capital's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments.

Item 17 – Voting Client Securities

Miles Capital will exercise discretionary voting authority over proxies issued on securities held in client account unless the client has retained the authority to vote proxies. As a matter of policy and as a fiduciary to our clients, Miles Capital has responsibility for voting proxies for client securities consistent with the best economic interests of the clients.

Miles Capital currently utilizes the ProxyEdge system to facilitate voting of proxies for the majority of its client accounts as well as reporting proxy voting activity.

Clients may obtain a copy of Miles Capital's complete proxy voting policies and procedures and/or records of how Miles Capital voted proxies for securities in their accounts by contacting the CCO:

Chief Compliance Officer
Miles Capital, Inc.
1415 28th Street, Suite 200
West Des Moines, IA 50266

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about their financial condition. Miles Capital has no financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients and has not been the subject of a bankruptcy proceeding.