

Item 1 – Cover Page

# THURSTON, SPRINGER, MILLER, HERD & TITAK, INC.



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August 30, 2013

This Brochure provides information about the qualifications and business practices of Thurston, Springer, Miller, Herd & Titak, Inc. If you have any questions about the contents of this Brochure, please contact us at 317-581-4003 or by email at [compliance@thurston.springer.com](mailto:compliance@thurston.springer.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.

Thurston, Springer, Miller, Herd & Titak, Inc. is a Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information which you can use to determine to hire or retain an Adviser.

Additional information about Thurston, Springer, Miller, Herd & Titak, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

SEC regulations require that we disclose changes to our Brochure if they are materially different in structure and require certain new information that our previous Brochure did not require. The SEC has mandated that the format be changed to a plain English brochure rather than a check-the-box format.

Effective March 2, 2012, Thurston, Springer, Miller, Herd & Titak, Inc. changed the custodian for its advisory clients to RBC Correspondent Services, 60 South Sixth Street, Minneapolis, MN 55402. The firm had previously used Mesirow Financial, Inc. as custodian.

The firm recently entered into a networking arrangement with a financial institution as described under Client Referrals and Other Compensation on page 7.

The firm's assets under management have been updated on page 1.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business fiscal year. We will further provide other ongoing disclosure information about material changes as necessary. The date of our last Brochure was September 1, 2011.

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

Currently, our Brochure may be requested by contacting Lynette Herd, Co-Chief Compliance Officer, at 317-581-4003 or [lynette@thurstonspringer.com](mailto:lynette@thurstonspringer.com).

Additional information about Thurston, Springer, Miller, Herd & Titak, Inc. is available via the SEC's web site, [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about persons affiliated with Thurston, Springer, Miller, Herd & Titak, Inc. who are registered, or are required to be registered, as Investment Adviser Representatives of the firm.

### **Item 3 -Table of Contents**

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

Brochure Supplement(s)

#### **Item 4 – Advisory Business**

Thurston, Springer, Miller, Herd & Titak, Inc. is a dually registered FINRA (Financial Industry Regulatory Authority) Broker/Dealer and SEC Registered Investment Adviser. The company began operations in January, 1981, as a Broker/Dealer and was registered with the state of Indiana as an Investment Adviser in May, 1992. The firm registered with the SEC as an Investment Adviser in 2004. The principal owner of the firm is James J. Titak.

The firm offers financial planning, estate planning, retirement planning, multi-generational planning, portfolio management and reviews and fee-based managed accounts utilizing its ***Compass Account*** programs. These programs are offered to our own clients; the firm may also act as a sub-adviser to clients of other Investment Advisers, utilizing the same program.

All advisory services are tailored to the specific financial goals and individual needs of each client. Clients meet with their Investment Advisory Representative and complete an application which captures their personal and financial information, investment objectives and risk tolerance. Based on that information, the Advisory Representative will recommend an investment program which may consist of individual stocks, mutual funds, bonds or other investments. Clients may impose restrictions on investing in certain securities or types of securities.

Clients may also be introduced to outside money managers.

Assets Under Management (Discretionary):	\$146,923,682
Assets Under Management (Non-discretionary):	-0-
Date Amounts Calculated:	June 30, 2013

#### **Item 5 – Fees and Compensation**

The specific manner in which fees are charged is established in a client's written advisory agreement with us.

For the Compass Account programs, we will generally bill our fees on a quarterly basis. Clients will be billed in arrears each calendar quarter. Clients may elect to be billed directly for fees or to authorize fees to be debited from their accounts. Management fees shall be prorated for each capital contribution and withdrawal made during the applicable calendar quarter (with the exception of de minimis contributions and withdrawals). Accounts initiated or terminated during a calendar quarter will be charged a pro-rated fee. Upon termination of any agreement, any earned, unpaid fees will be due and payable. All fees are negotiable.

Clients may incur certain charges imposed by custodians, brokers, third parties, such as fees charged by managers, custodial fees, odd-lot differentials, transfer taxes, wire transfer and electronic funds fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange-traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to our fee.

In its *Compass Account* Programs, the firm and its Representatives use load-waived (no sales charge) funds and funds designed specifically for wrap accounts with no sales charge. The firm typically is compensated 25 basis points on all mutual fund assets under management pursuant to a distribution plan adopted under Rule 12b-1 of the Investment Company Act of 1940. The firm considers these fees to be part of their compensation. If such changes are made that result in the termination of this compensation, the firm will automatically increase its fee schedule by the same amount.

Brokerage Practices are described in Item 12.

We may provide consultation services on various matters such as retirement planning, net worth accumulation, household money management, and selection of a portfolio manager. Fees may be charged at an hourly rate, which is negotiable. Fees may be waived or reduced to the extent that a client uses the firm as a broker. Client may terminate these services in writing at any time and request a refund of the unused portion of the fee.

In its capacity as a Broker/Dealer, the firm conducts a financial planning business for which it may not charge a fee. The Broker/Dealer is compensated via commissions, sales charges and 12b1 fees from the products it recommends to its clients.

Clients have the ability to purchase investment products that we recommend through other brokers or agents that are not affiliated with our firm.

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

Thurston, Springer, Miller, Herd & Titak, Inc. does not charge any performance-based fees (fees based on a share of capital gains or capital appreciation of the assets of a client).

## **Item 7 – Types of Clients**

Thurston, Springer, Miller, Herd & Titak, Inc. provides portfolio management services to individuals, high net worth individuals, corporations and other business entities, corporate pension and profit-sharing plans, charitable institutions, foundations, endowments, estates and trusts.

Typically, managed accounts need to be valued at \$100,000 or greater to allow for efficiency and diversification. We may make an exception and permit a managed account to be opened for less than this amount.

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

We select securities that we believe have the potential to generate a favorable return based on our perception of the associated risk.

The methods of analysis utilized by the firm and its Advisory Representatives may include charting, fundamental analysis, technical analysis or cyclical analysis.

### Charting

Charts are used to analyze a wide array of securities and attempt to forecast future price movements. The word “securities” refers to any tradable financial instrument or quantifiable index such as stocks, bonds, commodities, futures or market indices. Any security with price data over a period of time can be used to form a chart for analysis. Charts provide an easy-to-read graphical representation of a security’s price movement over a specific period of time. A graphical historical record makes it possible to spot the effect of key events on a security’s price, its performance over a period of time and whether it’s trading near its highs, near its lows, or in between.

### Fundamental

The **fundamental analysis** approach is primarily concerned with value; it examines factors that determine a company’s expected future earnings and dividends as well as the continued dependability of those earnings and dividends. It then attempts to put a value on the stock accordingly. Therefore, an investor who uses this approach seeks out stocks that are a good value; in other words, stocks that are priced low relative to their perceived value. The assumption is that the stock market will later recognize the value of the stock and its price will consequently increase.

### Technical

The investor who uses **technical analysis** attempts to predict the future price of a stock or the future direction of the market based on past price and trading volume changes. This approach assumes that stock prices and the stock market follow discernible patterns, and if the beginning of a pattern can be identified, then the balance of the pattern can also be predicted well enough to yield positive returns. When using technical analysis on a specific security, you are looking for price patterns, price fluctuations and trends.

### Cyclical

Some industries are **cyclical**, that is, their fortunes go through a series of ups and downs. These cycles can last for several years. There are many industries like automotive, airlines, steel, paper, heavy machinery, tools, etc. that experience cycles in their performance. Given the up and down trends of the economy, it is logical to attempt to take advantage of it and invest cyclically. A cyclical investor has to figure out when a market sector is likely to go up or down on a long-term basis. Such an investor should not be concerned about short-term volatility. The holding period in this strategy can be a few months to many years.

The investment strategies utilized may include a buy and hold strategy, rebalancing, asset allocation and value investing, utilizing long or short term purchases, trading, short sales in an attempt to hedge risk, transactions on margin or option writing, including covered options, option purchases or spreading strategies.

The primary types of securities recommended are mutual funds, bonds and equities.

Investing in securities involves risk of loss that clients should be prepared to bear. The following is a summary of certain risks in investing:

**Call Risk:** Call risk is the risk that, during a period of falling interest rates, the issuer may redeem a security by repaying it early, which may reduce income if the proceeds are reinvested at lower interest rates.

**Credit Risk:** Credit risk refers to the possibility that the issuer of a security will not be able to make payments of interest and principal when due. Changes in an issuer's credit rating or the market's perception of an issuer's creditworthiness may also affect the current value of an investment in that issuer.

**Equity Securities Risk:** Stock markets are volatile. The price of equity securities fluctuates based on changes in a company's financial condition and overall market and economic conditions.

**Selection Risk:** Selection risk is the risk that the securities selected will underperform the markets or relevant indices.

**Small Cap and Emerging Growth Securities Risk:** Small cap or emerging growth companies may have limited product lines or markets. They may be less financially secure than larger, more established companies. They may depend on a more limited management group than larger capitalized companies. They are also subject to substantially greater volatility due to limited liquidity.

**Mid Cap Securities Risk:** The securities of mid cap companies generally trade in lower volumes and are generally subject to greater and less predictable price changes than the securities of large capitalization companies.

**Emerging Markets Risk:** Emerging markets are riskier than more developed markets because they tend to develop unevenly and may never fully develop. Investments in emerging markets may be considered speculative. Emerging markets are more likely to experience hyperinflation and currency devaluations, which adversely affect returns to U. S. investors. In addition, many emerging securities markets have far lower trading volumes and less liquidity than developed markets.

**Interest Rate Risk:** Interest rate risk is the risk that prices of bonds and other fixed-income securities will increase as interest rates fall and decrease as interest rates rise.

## **Item 9 – Disciplinary Information**

As a Registered Investment Adviser, we are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of our firm or the integrity of our management. We have no such events.

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

Thurston, Springer, Miller, Herd & Titak, Inc., in addition to being a Registered Investment Adviser, is a registered Broker/Dealer with FINRA (Financial Industry Regulatory Authority) and an Introducing Broker with the National Futures Association. The firm is securities licensed in the 48 Continental United States and the District of Columbia in addition to being insurance licensed in multiple states.

## **Item 11 – Code of Ethics**

Thurston, Springer, Miller, Herd & Titak, Inc. has adopted a Code of Ethics for all employees of the firm, describing its high standards of business conduct and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All employees at our firm must acknowledge receipt of the terms of the Code of Ethics upon hire, then annually, or as amended.

We will not cause accounts over which we have management authority to effect transactions in securities in which we, our affiliates and/or clients, directly or indirectly, have a material financial interest. Our employees and persons associated with our firm are required to follow our Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of Thurston, Springer, Miller, Herd & Titak, Inc. and its affiliates, on a regular basis, trade the same securities in their own accounts which are recommended to and/or purchased for our clients. The Code of Ethics is designed to ensure that the personal securities transactions, activities and interests of our employees are always subordinate to those of our clients and will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code, certain classes of securities have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interest of our clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics to reasonably prevent conflicts of interest between the firm and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with our obligation of best execution. In such circumstances, the affiliated and client accounts will share costs equally and receive securities at a total average price. We will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro-rata basis. Any exceptions will be explained on the order. If there is a situation where there are multiple executions, the firm and its employees would receive the least favorable price.



Thurston, Springer, Miller, Herd & Titak, Inc.'s clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Lynette Herd.

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

## **Item 12 – Brokerage Practices**

Thurston, Springer, Miller, Herd & Titak, Inc. does not receive research or other products or services other than execution from a Broker/Dealer or third party in connection with client securities transactions ("soft dollar benefits"), thus, this is not a factor in determining the Broker/Dealer to be used.

Since Thurston, Springer, Miller, Herd & Titak, Inc. is also a registered Broker/Dealer, it is anticipated in the Compass Programs that virtually all of the transactions on behalf of advisory clients will be transacted through our Broker/Dealer via its clearing firm. By directing brokerage through our clearing firm, we are required to monitor them for best execution, and we do so on an ongoing basis.

It is typically the practice of Thurston, Springer, Miller, Herd & Titak, Inc. to aggregate the purchase and sale of securities for client accounts whenever possible. If it is not possible to do so, we make certain that there is no favoritism shown to any employee, client or group of clients in the allocation process. If there is any security transacted on the same day for you and your Advisor, the Advisor will receive the least favorable price.

Our Adviser Representatives have been and likely will be invited in the future to attend mutual fund company sponsored conferences for educational purposes. The fund company may reimburse and pay for the travel and other related expenses incurred by our Adviser Representatives to attend such conferences. In addition, mutual fund companies also may pay for certain expenses incurred by Adviser Representatives or the firm in connection with dinners or events for clients and other miscellaneous expenses that may be incurred in relation to the event.

### **Item 13 – Review of Accounts**

Clients should set an appointment to have their portfolio reviewed on at least an annual basis to determine the appropriateness of the account in light of the activity and the client's investment objectives. More frequent reviews should take place if you have a change in objectives or a change in the value or type of assets to be managed. At all times during the duration of the contract the Advisor shall be available to meet with a client by appointment during normal business hours. Reviews will be conducted by the individual Advisor assigned to the client account.

The nature and frequency of reports to clients will be determined by discussions with each individual client on a case-by-case basis. Each client will receive at least quarterly (monthly if there is activity) a statement from our clearing firm if assets are domiciled there and either monthly or quarterly from any mutual fund, variable annuity company or outside manager or custodian if assets are held other than with our clearing firm.

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

Thurston, Springer, Miller, Herd & Titak, Inc. may enter into networking arrangements whereby Adviser Representatives are located on the premises of a financial institution. The institution will receive transaction-based compensation for any transactions made with their members. The firm may also pay that institution's individual personnel a nominal fee for qualified referrals. Such compensation shall not be transaction related.

The firm may also act as a "Solicitor", introducing clients to other investment advisors and receiving compensation for this service.

Some of the mutual funds and annuity companies that we recommend to clients make payments to Broker/Dealers. Such payments may be distributed pursuant to a distribution plan adopted under Rule 12b-1 of the Investment Company Act of 1940, as amended, or pursuant to another arrangement such as marketing support. Because of these compensation arrangements, a conflict of interest may exist regarding the recommendation of particular investments for client accounts. However, in accordance with our Code of Ethics, we intend to fully comply with those standards of fiduciary duty that require that we act solely in the clients' best interests when making investment recommendations. It is not uncommon that we would attempt to receive compensation from providers in the form of additional basis points for new and existing assets under management.

### **Item 15 – Custody**

Clients should receive statements at least quarterly from the Broker/Dealer, bank or other qualified custodian that holds and maintains clients' investment assets. We urge you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## **Item 16 – Investment Discretion**

In our Compass account Program, our Advisors customarily receive discretionary authority from clients at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. This discretionary authority is conveyed via the management agreement that the clients sign. When selecting securities and determining amounts to be bought or sold, we observe the investment policies, limitations and restrictions of the clients we advise. Investment guidelines and restrictions must be provided to us in writing in the initial Agreement and, as needed, if changes occur.

Clients that are referred to outside managers typically will confer investment discretion to that manager via the contracts that they execute.

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

As a matter of firm policy and practice, Thurston, Springer, Miller, Herd & Titak, Inc. does not have any authority to and will not vote proxies on behalf of advisory clients. Clients retain the responsibility for voting proxies for any and all securities maintained in client portfolios. We may provide advice to clients regarding the voting of proxies. Proxies and other solicitations will be provided by the custodian of the assets.