

Firm Brochure
(ADV Part 2A)

ADVANCED ASSET MANAGEMENT, LLC.

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This Brochure provides information about the qualifications and business practices of Advanced Asset Management, LLC ("AAM"). If you have any questions about the contents of this Brochure, please contact us at 616-531-5220 or by email at rvansurksun@aamllc.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. Registration does not imply a certain level of skill or training.

Additional information about AAM is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD. number. The Firm's CRD. number is 109178.

February 24th, 2021

Material Changes

1. We have no material changes to report since our last annual update on March 11th, 2020.

Somebody may request our Brochure by contacting Ronald J. VanSurksum, Owner and Managing Member, at 616-531-5220 or rvansurksum@aamllc.com. Our Brochure is also available on our Web site, www.aamllc.com, free of charge.

Table of Contents

Material Changes	1
Advisory Business (Item 4)	4
Firm Description.....	4
Principal Owners	4
Types of Advisory Services	4
Other Services	6
Assets Under Management	6
Termination of Agreement.....	6
Fees and Compensation (Item 5)	6
Description	6
Other Fees.....	8
Performance-Based Fees and Side by Side Management (Item 6)	9
Sharing of Capital Gains.....	9
Types of Clients (Item 7).....	9
Description	9
Account Minimums	9
Methods of Analysis, Investment Strategies, and Risk of Loss (Item 8)	9
Methods of Analysis	9
Investment Strategies	9
Risk of Loss	10
Disciplinary Information (Item 9)	10
Legal and Disciplinary	10
Other Financial Industry Activities and Affiliations (Item 10)	12
Financial Industry Activities	12
Affiliations.....	12
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading (Item 11)	12
Code of Ethics	12
Participation or Interest in Client Transactions	13
Employee Trading	13
Brokerage Practices (Item 12).....	13
Selecting Brokerage Firms.....	13
Best Execution	15
Soft Dollars.....	15

Order Aggregation	16
Review of Accounts (Item 13).....	16
Periodic Reviews	16
Review Triggers	17
Regular Reports	17
Client Referrals and Other Compensation (Item 14)	17
Custody (Item 15).....	17
Account Statements	17
Performance Reports	17
Net Worth Statements	17
Investment Discretion (Item 16)	18
Discretionary Authority for Trading.....	18
Limited Power of Attorney	18
Voting Client Securities (Item 17)	18
Proxy Votes	18
Financial Information (Item 18).....	18
Financial Condition.....	18

Firm Description

AAM was founded in 1997.

AAM provides personalized financial planning, investment management, and general consultation services to individuals, high net worth individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations, and other business entities. AAM also offers “wrap accounts” through third-party money managers.

AAM offers fee-only financial planning, investment management, and consultation services. The firm does not sell annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other commissioned products. AAM does not compensate third parties for clients’ referrals to AAM by paying the third party a portion of the advisory fee received from clients introduced by the third party.

AAM participates in specific Third-Party Adviser Programs through which other investment advisor’s discretionary investment management services are offered to the AAM’s clients.

AAM provides other consulting services to clients from time to time, including advice regarding special or general project requests.

AAM does not act as a custodian of client assets. The Client always maintains asset control. AAM has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, the time of purchase or sale, and the amount.

AAM clients may leave standing instructions on various matters such as refraining from making investments in specific allocations, investing in limited amounts of specified securities, and periodically rebalancing a portfolio.

Principal Owners

Ronald J. Van Surksum is a member of AAM and owns membership interests equal to 100%.

Types of Advisory Services

AAM provides investment supervisory services, also known as asset management services; manages investment advisory accounts not involving investment supervisory services through third-party investment advisers; and furnishes investment advice through financial planning and consultations.

AAM gathers information from questionnaires and conducts an initial meeting with a client to assess a client’s individual needs, goals, time horizons, and risk tolerances. Based on the Client’s information, AAM will provide a client with recommendations for investments and investment strategies, including planning for your long-range goals (i. e., retirement planning or college funding) or specific financial objectives when needed. Typically, recommendations are provided in an Investment Policy Statement, which AAM follows to manage a client’s portfolio. AAM may also recommend its investment management services or that of an unaffiliated third-party investment adviser. Other professionals (e.g., lawyers, accountants, insurance agents, etc.) may be engaged directly by the Client on an as-needed basis. Conflicts of interest will be disclosed to the Client in the event they should occur.

Financial Planning and Consulting Services

AAM offers Financial Planning Services for clients who are planning for long-term needs or goals. After evaluating a client’s financial needs, AAM will design investment and risk strategies to help clients achieve their financial goals. Casualty insurance (i. e., homeowners, auto, liability, etc.) may be reviewed and recommended only upon a client’s request with assistance from an outside casualty insurance agency.

The scope of work and fee for Financial Planning Services is provided to the Client in writing before starting the relationship. A Financial Planning Services Agreement includes cash flow management,

insurance review; investment management (including performance reporting); education planning; retirement planning; estate planning, tax planning, and the implementation of recommendations within each area.

Although the Financial Planning Services Agreement is an ongoing agreement and constant adjustments are required, the Client's length of service is at the Client's discretion. Either the Client or AAM may terminate an Agreement by written notice to the other party.

AAM also offers General Consulting Services. Clients interested in trading securities (securities sold within 30 days) may choose to use this service. Depending on the level of a client's involvement and the advisory services AAM provides for the Client, AAM may or may not include an actively traded portion of a client's managed portfolio under AAM's Investment Management Services.

AAM's Financial Planning or General Consultation Services are not discretionary. A client is under no obligation to implement AAM's advice. Clients may implement AAM's recommendations using any broker-dealer of their choosing.

Investment Supervisory Services

AAM manages individualized portfolios for its clients. AAM works with each person to formulate an individualized portfolio based upon his/her objectives, time frame, risk parameters, and other investment considerations. AAM uses marketable securities that may include but not limited to equities (stocks), warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities (variable life insurance, variable annuities, and mutual funds shares), US government securities, options contracts, futures contracts, and interests in partnerships. Depending on a client's circumstances, AAM may recommend short-term government (i. e., T-Bills) or corporate debt instruments, money market funds, and certificates of deposit. (Additional information about securities used their risks can be found under Item 8.)

Third-Party Investment Management Programs

After an initial meeting with the Client or deemed appropriate, AAM may recommend a third-party investment adviser ("Third Party Adviser"). The recommendation will depend on the Client's circumstances, goals and objectives, strategy desired, account size, risk tolerance, or other factors. AAM works with each person to determine which Third-Party Adviser may be appropriate. Clients are never obligated to use a recommended Third-Party Adviser.

AAM will review Third Party Advisers before making a recommendation to the Client. AAM considers the following factors during its review: fees, reputation, performance, financial strength, management, price, reporting capabilities, Client's financial situation, Client's goals, Client's needs, and Client's investment objectives. After AAM review, it will present the Client with one or more recommendations.

If the Client wishes to proceed with the recommendation, AAM will enter either an arrangement with the recommended Third-Party Adviser. AAM will not refer a client to a Third-Party Adviser unless registered or exempt from registration as an investment adviser in the Client's state of residence.

Investment Strategies

AAM investment strategies are primarily based on the Client's investor profile and may be based on several concepts. Investment strategies may include long-term and short-term purchases depending on the needs of the Client. AAM prefers to allocate assets among several different asset classes (domestic stocks versus foreign stocks; large-cap stocks versus small-cap stocks; corporate bonds versus government securities). Using asset allocation, AAM seeks to efficiently diversify assets to balance risk and return in light of a client's risk tolerance and investment objectives. AAM believes that risk reduction is crucial to long-term investment success, so asset allocation principles are vital to its overall investment advisory services.

Other Services

AAM provides other consulting services to clients from time to time, including advice regarding specified client requests or general advice depending on the Client's needs. Clients who typically use this service prefer to be billed annually for advisory services or have a small account. Fees for such services are negotiated on a case-by-case basis depending upon the services provided and can be hourly or at a fixed fee for each project.

AAM also furnishes clients' advice on matters not involving securities, such as financial planning matters, covering various financial topics, including retirement planning, college funding, estate planning, and risk management using long-term strategies not requiring continuous monitoring. Clients who engage AAM for Financial Planning services will have their circumstances analyzed based upon the Client and AAM's information and provide a written financial plan or report (depending upon the services requested).

AAM's financial planning services are strictly advisory and do not include the services necessary to implement the plan through purchases or sales of securities, insurance, or other investments. The Client is always free to accept or reject AAM's advice and to implement some or all of the financial plan or advice through any service provider the Client chooses.

Financial Planning Services fees are charged as a fixed project fee based upon the Client's net worth.

Assets Under Management

As of December 31st, 2020, AAM had approximately \$118,209,506 of assets under management on a discretionary basis.

Termination of Agreement

A client may terminate any of the agreements without penalty and receive a full refund of any prepaid advisory fees within five business days after signing a services agreement. After that time, a client may immediately terminate an agreement by notifying AAM in writing and paying a prorated fee based on the termination date. AAM will refund and unearned fees to the Client. If fees were not paid in advance, a client might be invoiced for time incurred before termination at a stated hourly rate, depending upon the complexity of services, the experience of AAM's Advisory Representative performing the services, or as AAM may otherwise deem appropriate. General Consultations and Financial Planning Services terminate upon delivery of advice, the financial plan, or report, as applicable.

AAM may terminate any of the agreements at any time by notifying the Client in writing. If the Client made an advance payment, AAM would refund any unearned portion of the advance payment.

Fees and Compensation (Item 5)

Description

AAM charges fees that are established in the Client's written agreement. AAM bases its fees on a percentage of assets under management, hourly charges, and fixed expenses. Management fees can be paid directly by the Client by check, or the Client can have its custodian deduct the amount from client assets. Specific procedures are followed with payment is made by a client's custodian—a client's written authorization permitting debits to the Client's account is contained in the AAM Investment Management Services Agreement. Authorization is limited to the withdrawal of AAM's periodic Investment Management fees. Investment Management Fees can be charged quarterly, semi-annually, annually, or as a flat fee, as specified in the Client's agreement. Client statements from the custodian (monthly or quarterly) will identify all amounts distributed from client accounts, including the payment of fees. Clients may terminate the fee deduction authorization at any time, though the Client remains responsible for payment of fees for all services rendered. AAM will charge annual fees six months in

advance and six months in arrears based on the custodian value the last business day of the mid-point for the period at the applicable rate. Semi-annual and annual fees may be rounded down to the nearest \$10.

Management fees are payable quarterly in advance and are computed based on a percentage of assets under management for that billing period. 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. For example, if 90 days are in a quarter's fee and services were rendered for 30 days in the quarter, the Client will be refunded 67% of that quarter's fee. $(30/90 = .33 * 100 = 33\%$ paid to Adviser for services with remainder/unearned fees paid to the Client. $100\% - 33\% = 66\%$)

Some fees for Investment Management Services may be negotiable in certain circumstances and may be affected by the complexity of services and AAM's Advisory Representative's discretion. AAM does not bill fees for services more than six months in advance.

AAM's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which the Client shall incur. Clients may incur certain charges imposed by custodians, brokers, third party investment, and other third parties such as fees charged by 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. Mutual funds and exchange-traded funds also charge internal management fees disclosed in a fund's prospectus.

Such charges, fees, and commissions are exclusive of and in addition to AAM's fee, and AAM does not receive any portion of these commissions, fees, and costs.

Account fees vary by services offered and individual client circumstances. Fees will not be collected more than six months in advance. Fee ranges for each service are as follows:

Comprehensive Financial Planning – Full plan with recommendations with a fee beginning at \$1,000, including a strategy meeting and a plan presentation meeting. Additional fees possible based on meeting time \$500 (per further meeting) and plan preparation time as appropriate and stated in the agreement.

Plan Projection – Starts at \$500 and includes one meeting to review plan projection and follow up with recommendations (not comprehensive).

Planning / Advice only – hourly or retainer fees based on time and expertise needed.

Planning / Advice with AAM managed portfolios – hourly, retainer, or AUM fees based on time and expertise needed or 0.50% to 1.00% of AUM using Schwab Brokerage accounts and a combination of AAM managed and SIIP managed, as appropriate.

Planning / Advice with Robo Advisor – hourly, retainer, or AUM fees based on time and expertise needed or 0.25% to 0.50% of assets under management (AUM) using Schwab Institutional Intelligent Portfolios (SIIP)

Hourly rate as of 1/1/2020 is \$200 per hour. This rate is subject to change without notice. Please see my website for the current rate.

AUM fees - (assets under management typically through Schwab accounts) and are deducted from accounts quarterly in advance unless otherwise stated in the agreement.

AUM under \$100,000 at 1.00%, AUM \$100,000 to \$1,000,000 at 0.75%, AUM \$1,000,000 + at 0.50%, AUM in Robo @ 0.25%.

All AAM fees are negotiable based on services needed. You may choose to do an annual retainer or “flat” fee, which can be negotiated upon request.

Clients will not have an additional charge for reasonable follow-up calls or questions unless they are strictly on an hourly model. Then you will be billed for time in 15-minute increments at my current hourly rate.

Service Models

AAM will reach out to clients periodically or as needed to update and maintain your financial plan and strategies.

My contact frequency will depend on the level of fee you pay to AAM annually. Projected fees of under \$1,000 per year will be contacted twice annually (6-month intervals).

Projected fees of \$1,000 to \$5,000 annually will be contacted three times annually (4-month intervals).

Projected fees of \$5,000 + annually will be contacted four times annually (3-month intervals).

Third-Party Managers - Fees are determined by the third-party management agreement between the Client and the third-party manager. Typically, the fees range from .50% to 1.00%. The exact fee will be disclosed on the third-party management agreement and required a separate disclosure document. AAM clients who participate in the AAM program with various third-party advisers will enter into investment management or other agreement with the third-party manager. This agreement is not an agreement drafted by AAM and contains fees that the third-party adviser charges.

Other Fees

AAM does not provide, and its advisory fees do not cover, other services required to manage a client's portfolio. For example, AAM may help clients establish a custodial clearing brokerage account with Charles Schwab to purchase and sell investments for their portfolios, including stocks, bonds, and mutual funds. Brokerage commissions and transaction fees will be paid in addition to AAM's Investment Management fees.

Charles Schwab provides custodial and clearing services for most of AAM's accounts. AAM uses these brokerage firms for discretionary Investment Management Services. A client may have an account with a different custodian, and any custodial fees will be in addition to AAM's fees. If a client's account is a retirement plan, a client may also incur third-party plan administration fees concerning the account's transactions. AAM does not receive any portion of those fees or charges.

AAM, in its sole discretion, may waive its minimum fee or charge a lesser investment advisory fee based upon specific criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

Performance-Based Fees and Side by Side Management (Item 6)

Sharing of Capital Gains

A.A.M. does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of a client's assets).

Types of Clients (Item 7)

Description

AAM provides investment advice to individuals, trusts, estates, charitable organizations, corporations, or business entities.

Client relationships vary in scope and length of service.

Account Minimums

AAM does not require a client to have a minimum account size to engage its Investment Management Services.

Methods of Analysis, Investment Strategies, and Risk of Loss (Item 8)

Methods of Analysis

AAM measures an investor's goals, risk tolerance, and time horizon through an interview process to determine a plan/portfolio to best fit a client's investor profile. Investment strategies may be based upon several concepts and determined by client investor profiles. Investment strategies may include long-term and short-term purchases depending upon a client's individual needs.

AAM uses quantitative approaches to identify objectively the economic and financial factors that influence investor risk tolerances. Recommendations for purchases or sales of investments are based on publicly available reports and analysis. In mutual funds, recommendations are based on performance and managers' information, including specific computerized performance numbers. Mutual funds are also recommended based on asset allocation and investment timing.

AAM uses many sources of public information to include financial news and research materials. AAM also uses both fundamental and charting methods of analysis. Fundamental analysis examines each company's financials and operations, including sales, earnings, growth potential, assets, debt, management, products, and competition. These are variables that are directly related to the company itself. Charting evaluates securities based on the assumption that market data, such as charts of price, volume, and open interest, can help predict future (usually short-term) market trends. Unlike fundamental analysis, charting analysis does not consider the intrinsic value of a security. Historical prices and other trading variables are an essential consideration. Charting analysis examines market psychology and its influences on trading in a stock, stock sector, or the market as a whole.

Investment Strategies

AAM has developed a flexible asset allocation approach designed to generate stable returns by reducing volatility's perils. The aim is to create a system that balances investment risk and reward. The concept of asset allocation or spreading investments among several asset classes (domestic stocks vs. foreign stocks; large-cap stocks vs. small-cap stocks; corporate bonds vs. government securities) is generally in the AAM's principal strategy. At its heart, asset allocation seeks to efficiently diversify assets to balance risk and return while considering a client's risk tolerance and investment objectives. AAM believes that risk reduction is a crucial element to long-term investment success, and AAM believes that asset allocation is a vital part of risk reduction.

The investment strategy for each Client is based upon the objectives stated by the Client during consultations. The Client may change these objectives at any time. Each Client executes an Investment Policy Statement that documents their objectives and their desired investment strategy.

Other strategies may include long-term purchases, short-term purchases, trading, options writing (including covered options), real estate investment trusts, and limited partnership investments in real estate or oil and gas interests.

Risk of Loss

All investment programs have certain risks that the Client bears. Investing in securities involves the risk of loss that clients should be prepared to handle. AAM's investment approach always keeps the risk of loss in mind. Clients face the following investment risks:

- **Interest-Rate Risk**: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk**: The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's underlying circumstances. For example, political, economic, and social conditions may trigger market events.
- **Inflation Risk**: When any type of inflation is present, a dollar today will not buy as much as a dollar next year because purchasing power is eroding at the rate of inflation.
- **Currency Risk**: Overseas investments are subject to fluctuations in the dollar's value against the investment's originating country's currency. This is also referred to as exchange rate risk.
- **Reinvestment Risk**: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower return rate (i.e., interest rate). This primarily relates to fixed-income securities.
- **Business Risk**: These risks are associated with an industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before generating a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the current economic environment.
- **Liquidity Risk**: Liquidity is the ability to convert an investment into cash readily. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk**: A company's excessive borrowing to finance a business' operations will increase the risk of profitability because the company must meet the terms of its obligations. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy or a declining market value.

Disciplinary Information (Item 9)

Legal and Disciplinary

Registered Investment Advisers are required to disclose material facts regarding any legal or disciplinary events within the past 10-years that would be material to your evaluation of the adviser or its management's integrity. These include the following:

A. Criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which the *supervised person*

1. was convicted of, or pled guilty or nolo contendere (“no contest”) to (a) any *felony*; (b) *misdemeanor* that *involved* investments or an *investment-related* business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses;
2. is the named subject of a pending criminal *proceeding* that involves an *investment-related* business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses;
3. was *found* to have been *involved* in a violation of an *investment-related* statute or regulation; or
4. was the subject of any *order*, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, the *supervised person* from engaging in any *investment-related* activity or violating any *investment-related* statute, rule, or *order*.

AAM and associated advisers have no information applicable to this item.

B. An administrative *proceeding* before the SEC, any other federal regulatory agency, any state regulatory agency, or any *foreign financial regulatory authority* in which the *supervised person*

1. was *found* to have caused an *investment-related* business to lose its authorization to do business; or
2. was *found* to have been *involved* in a violation of an *investment-related* statute or regulation and was the subject of an *order* by the agency or authority
 - i. denying, suspending, or revoking the supervised person’s authorization to act in an *investment-related* business.
 - ii. barring or suspending the *supervised person’s* association with an *investment-related* business.
 - iii. otherwise significantly limiting the *supervised person’s investment-related* activities; or
 - iv. imposing a civil money penalty of more than \$2,500 on the *supervised person*.

AAM and associated advisers have no information applicable to this item.

C. A *self-regulatory organization (SRO) proceeding* in which the *supervised person*

1. was *found* to have caused an *investment-related* business to lose its authorization to do business; or
2. was *found* to have been *involved* in a violation of the *SRO’s* rules and was: (i) barred or suspended from membership or association with other members or was expelled from membership; (ii) otherwise significantly limited from *investment-related* activities; or (iii) fined more than \$2,500.

AAM and associated advisers have no information applicable to this item.

- D. Any other *proceeding* in which a professional attainment, designation, or license of the *supervised person* was revoked or suspended because of a violation of rules relating to professional conduct. If the *supervised person* resigned (or otherwise relinquished his attainment, designation, or license) in anticipation of such a *proceeding* (and the adviser knows, or should have known, of such resignation or relinquishment), disclose the event.

AAM and associated advisers have no information applicable to this item.

Other Financial Industry Activities and Affiliations (Item 10)

Financial Industry Activities

AAM does not sell securities or insurance products to its clients.

Affiliations

AAM's management persons do not have affiliations with other broker-dealers, investment companies, other investment advisors, financial planning firms, commodity pool operators, commodity trading advisers or futures commission merchants, banking or thrift institutions, law firms, pension consultants, real estate brokers, or dealers, or entities that create or packages limited partnerships. AAM has no relationships or arrangements material to its advisory business with any related person who is a broker-dealer, investment company, other investment advisors, financial planning firm, commodity pool operator, commodity trading adviser or futures commission merchant, banking or thrift institution, law firm, pension consultant, real estate broker or dealer, or an entity that creates or packages limited partnerships.

Pension Consulting and Administrative Services

AAM can establish a relationship with an unaffiliated third-party plan administrator who services many qualified retirement plans. AAM's pension plan clients are under no obligation to purchase pension plan services from this third-party plan administrator (and vice versa). AAM could exchange referrals of prospective clients with this third-party administrator. AAM and the third-party administrator would not compensate each other for these cross-referrals.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading (Item 11)

Code of Ethics

AAM employees have committed to a Code of Ethics that is available for review by clients and prospective clients upon request. It can be requested by calling Gabriel Jones, Chief Compliance Officer (CCO), at 616-531-5220.

AAM's Code of Ethics provides for a high ethical standard of conduct for all of AAM's employees and "Access Persons," i.e., employees supervised by AAM who have access to nonpublic information regarding any client's purchase or sale of securities. Information regarding the portfolio holdings of any reportable fund or who is involved in making securities recommendations to clients or who has access to such recommendations that are nonpublic. The Code of Ethics requires compliance with applicable securities laws. It has policies and procedures for the reporting and review of certain personal securities transactions. It details AAM's fiduciary responsibilities and bans making untrue or fraudulent statements or material omissions, the misuse of material nonpublic information, and other unethical practices. The Code of Ethics also details AAM's policies on gifts and entertainment, political contributions, training, education, and recordkeeping.

Participation or Interest in Client Transactions

AAM and its employees may buy or sell securities that clients also hold. Under AAM's internal trading policies, securities transactions for these proprietary accounts will not precede client accounts transactions. They will often be executed after all client orders are placed during a trading day. As described herein, orders for proprietary accounts may be aggregated with demands for a client account and other clients' accounts when doing so will not disadvantage AAM's clients. Mutual funds are sold at their net asset value, so purchases and sales of mutual fund shares for proprietary accounts are not affected by those transactions' timing. AAM employees must comply with the provisions of the AAM Policies and Procedures Manual of Compliance and Supervision.

Employee Trading

A designated Compliance Officer reviews all employee trades periodically. The personal trading reviews ensure that employees' trading does not affect the markets and that the firm's clients receive preferential treatment.

AAM has internal compliance rules that require employees to purchase or sell securities for or from the employee's account only after trading of the same security has been completed in client accounts. Employee trades contrary to client trades must get the prior approvals of the Chief Compliance Officer. The rules require prior approval from the Chief Compliance Officer if an employee wishes to participate in private placements or initial public offerings.

Employees are required to report securities transactions and holdings for all accounts. The employee has a direct or indirect beneficial ownership interest quarterly to the Chief Compliance Officer.

Neither A.A.M. nor its Advisory Representatives will be an owner, partner, manager, executive officer, employee, or promoter of the issuer of any securities.

Brokerage Practices (Item 12)

Selecting Brokerage Firms

AAM uses a select group of brokerage institutions to execute trades. All brokerage institutions with whom AAM trades are considered to have met specific qualifications regarding professional expertise and competence, the pricing of services, and financial stability.

The Custodian and Brokers AAM Uses

AAM does not maintain custody of client assets that it manages. Client assets must be held in an account at a "qualified custodian," generally a broker-dealer or bank. AAM recommends that clients use Charles Schwab & Co., Inc. (Schwab), a FINRA-registered broker-dealer, member of SIPC, as the qualified custodian. AAM is independently owned and operated and not affiliated with Schwab. Schwab will hold client assets in a brokerage account and buy and sell securities when AAM instructs them. While AAM recommends that a client use Schwab as custodian/broker, the Client will decide whether to do so and open the account with Schwab by entering into an account agreement directly with them. AAM does not open the account for a client, but it does assist with opening the account. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account, as described in the next paragraph.

How AAM Selects Brokers/Custodian to Recommend

AAM seeks to recommend a custodian/broker who will hold client assets and execute transactions on terms that are most advantageous to other available providers and their services. AAM considers a wide range of factors, including, among others, these:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear, and settle trades (buy and sell securities for client accounts)

- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- the breadth of investment products made available (stocks, bonds, mutual funds, exchange-traded funds (ETFs), etc.)
- availability of investment research and tools that assist AAM in making investment decisions
- quality of services
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- reputation, financial strength, and stability of the provider
- their prior service to AAM and its other clients
- availability of other products and services that benefit AAM, as discussed below (*see “Products and Services Available to Us from Schwab”*)

Clients Custody and Brokerage Costs

For AAM’s clients’ accounts it maintains, Schwab generally does not charge clients separately for custody services but is compensated by charging Client’s commissions or other fees on trades that it executes or that settle into clients’ Schwab accounts. Schwab’s commission rates applicable to AAM’s client accounts were negotiated based on its commitment to maintaining \$10,000,000 of its clients’ assets statement equity in accounts at Schwab. This commitment benefits clients because the overall commission rates clients pay are lower than if AAM had not committed. In addition to commissions, Schwab charges clients a flat dollar amount as a “prime broker” or “trade away” fee for each trade that AAM has executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into clients’ Schwab accounts. These fees are in addition to the commissions or other compensation clients pay the executing broker-dealer. Because of this, to minimize clients’ trading costs, AAM has Schwab execute most trades for clients’ accounts.

Products and Services Available to AAM from Schwab

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab’s business serving independent investment advisory firms like AAM. They provide AAM and its clients with access to Schwab’s institutional brokerage – trading, custody, reporting, and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help AAM manage or administer its clients’ accounts, while others help it work and grow its business. Schwab’s support services are generally being available on an unsolicited basis (AAM doesn’t have to request them) and at no charge to AAM as long as it keeps a total of at least \$10 million of clients’ assets in accounts at Schwab. If AAM has less than \$10 million in client assets at Schwab, it may charge us a quarterly service fee. Here is a more detailed description of Schwab’s support services:

Services that Benefit Clients. Schwab’s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which AAM might not otherwise have access, or that would require a significantly higher minimum initial investment by its clients. Schwab’s services described in this paragraph generally benefit clients and clients’ accounts.

Services that May Not Directly Benefit Clients. Schwab also makes available to AAM other products and services that benefit it but may not directly benefit clients’ accounts. These products and services assist AAM in managing and administering its clients’ accounts. They include investment research, both Schwab’s own and that of third parties. AAM may use this research to service all or some substantial number of its clients’ accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- provide access to client account data (such as duplicate trade confirmations and account statements);

- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide pricing and other market data;
- facilitate payment of our fees from our clients' accounts; and
- assist with back-office functions, recordkeeping, and client reporting.

Services that Generally Benefit Only A.A.M. Schwab also offers other services intended to help AAM manage and further develop its business enterprise. These services include:

- educational conferences and events
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants, and insurance providers.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to A.A.M. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide AAM with other benefits such as occasional business entertainment of our personnel.

A.A.M.'s Interest in Schwab's Services

The availability of these services from Schwab benefits AAM because AAM does not have to produce or purchase them. AAM doesn't have to pay for Schwab's services so long as we keep a total of at least \$10 million of client assets in accounts at Schwab. Beyond that, these services are not contingent upon AAM committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum may give AAM an incentive to recommend that clients maintain their accounts with Schwab based on AAM's interest in receiving Schwab's services that benefit AAM's business rather than based on the Client's interest in receiving the best value in custody services and the most favorable execution of Client's transactions. This is a potential conflict of interest. However, AAM believes that its selection of Schwab as custodian and broker is in its clients' best interests. It is primarily supported by the scope, quality, and price of Schwab's services and not Schwab's services that benefit only AAM. AAM has more than \$110,000,000 in client assets under management, and do not believe that maintaining at least \$10 million of those assets at Schwab to avoid paying Schwab quarterly service fees presents a material conflict of interest.

Best Execution

AAM's Chief compliance officer reviews AAM's trading activity periodically to determine whether AAM's fiduciary responsibility to obtain "best price and execution" has been fulfilled.

The Brokerage Committee, or designated officer, meets periodically to review AAM's trading activity relative to the market activity in general and determine whether the executions delivered to clients are reasonable. If an anomaly is noted, the Brokerage Committee, or designated officer, will follow up to assess market activity during that period.

AAM reviews the execution of trades at each custodian each quarter. The review is documented. Trading fees charged by the custodians are also reviewed on a basis.

Soft Dollars

While AAM receives the above benefits from Schwab, it does not receive "soft dollars."

"Soft dollars" are defined as a form of payment investment firms can use to pay for goods and services such as news subscriptions or research. When an investment firm gives its business to a particular brokerage firm, the brokerage firm, in return, can agree to use some of its revenue to pay for these types of services. AAM's Chief Compliance Officer periodically monitors AAM's business relationships and advisory services to ensure no research services or products are being obtained on a soft dollar basis.

Order Aggregation

In managing a client's account and the accounts of other clients, under some circumstances, AAM may aggregate (or bunch) trades in a particular security for multiple accounts into one or more larger purchase or sell orders when submitting them to the executing broker-dealer. AAM does not always aggregate trades, and trades for client-directed brokerage accounts generally cannot be aggregated with discretionary accounts. AAM aggregates orders for administrative convenience and, in some instances, realize more effective trade execution and the cost efficiencies that come from executing larger order sizes.

When AAM makes aggregate trades, under its trade allocation policy, AAM will prepare an allocation statement to specify the participating clients' accounts and AAM's plan for allocating the order, the purchase or sale price, and related costs participating clients' accounts. Typically, each client account that participates in an aggregated order will do so at the average share price for all transactions ordered by AAM in that security on a given business day. If permitted by the broker-dealer effecting the transaction, transaction costs will be shared on a pro-rata basis. Some broker-dealers, including Charles Schwab & Co., Inc., ("Charles Schwab"), charge brokerage commissions to each participating Client per the size of that Client's part of the aggregated order regardless of the total size of the aggregated order. If an aggregated order is not filled in its entirety, it will generally be allocated on a pro-rata basis among participating accounts.

AAM's objective is to ensure that we allocate investment opportunities among AAM's clients' accounts in a fair, rational, and predictable manner based on each Client's needs and financial objectives and considering any investment restrictions or limitations. Deviations from AAM allocation methodology are permitted only for good cause under the direction of AAM's principal, Ronald J. VanSurksum. Examples of some circumstances that might warrant a deviation include the account size and type relative to the investment available, investment objectives, tax considerations, other investment guidelines, and client-imposed investment restrictions. Clients are encouraged to discuss any questions that may arise regarding investment policies throughout AAM's engagement.

Review of Accounts (Item 13)

Periodic Reviews

AAM's Investment Management Services involve periodic monitoring (quarterly or annually) and review of portfolio assets. The reviewers will be AAM's Advisory Representatives acting under the overall supervision of the Chief Compliance Officer. Advisory Representatives are not given specific direction about their investment advice and will exercise a significant independent investment judgment level. There is no limit on the number of accounts assigned to an Advisory Representative.

In providing Investment Management Services, AAM's Advisory Representatives will typically review investment results, asset allocations, client objectives, time horizons, and risk tolerance to determine whether client investment plans continue to conform to their current needs. AAM requests that clients immediately notify AAM of any changes in a client's financial status. AAM may prepare quarterly performance reports for a client's account if desired, as specified in AAM's Investment Management Services Agreement.

Financial Planning or General Consultation advisory services may generate a report at a point in time but will not receive any periodic ongoing reviews. AAM recommends that a client's circumstances are reviewed and a client's plan be updated annually, but initiating an annual review/update is a client's responsibility.

Administrative personnel may assist AAM's Advisory Representatives in performing their services for a client's account, such as computer data input. AAM's Advisory Representatives make all decisions, account reviews, and primary contacts.

Review Triggers

Significant economic or market events affecting one or many investments held in clients' accounts may trigger reviews.

Regular Reports

AAM does not have custody of client accounts. AAM is not affiliated by ownership or control with any custodians. A client should expect to receive standard period account statements from mutual funds, brokerage firms, insurance companies, and other investment sponsor either monthly or quarterly, as well as confirmations of transactions as they occur. Such periodic reports contain position information for such periods. The position report includes cost, current market value, current price, estimated annual income, and yield. A client may request an off-cycle report at any time. Quarterly statements summarize the transactions, fee charges, and methods of calculation. Monthly statements from the calculation agent provide the end balance and monthly transactions.

Client Referrals and Other Compensation (Item 14)

AAM receives an economic benefit from Schwab in the form of the support products and services it makes available to AAM and other independent investment advisors that have their clients maintain accounts at Schwab. These products and services, how they benefit AAM, and the related conflicts of interest are described above (*see Item 12 – Brokerage Practices*). The availability to AAM of Schwab's products and services is not based on AAM giving particular investment advice, such as buying individual securities for our clients.

Also, AAM may compensate third parties for clients' referrals to AAM by paying the third party either a fixed monthly fee or a fee per referral received from prospects introduced by the third party. These arrangements will be disclosed to clients. Any referral fees paid by AAM will not cause such Client's management fee to be increased.

Custody (Item 15)

Account Statements

Under government regulations, AAM is deemed to have custody of clients' assets if clients authorize AAM to instruct Schwab to deduct its advisory fees from clients' accounts directly. Schwab maintains actual custody of clients' assets, and Clients will receive account statements directly from Schwab at least quarterly. They will be sent to the email or postal mailing address clients provided to Schwab. Clients' should carefully review those statements promptly when clients receive them. AAM also urges clients to compare Schwab's account statements to the periodic portfolio reports clients receive from AAM.

Performance Reports

Clients are urged to compare the account statements received directly from their custodians to AAM's performance report statements.

Net Worth Statements

Financial Planning Services clients are frequently provided net worth statements and net worth graphs that AAM generates from its client relationship management system. Net worth reports contain approximations of bank account balances provided by the Client and the value of land and hard-to-price real estate. The net worth statements are used for long-term financial planning where the exact values of assets are not material to the financial planning tasks.

Investment Discretion (Item 16)

Discretionary Authority for Trading

AAM receives discretionary authority to manage securities accounts on behalf of clients that select Investment Management Services. For Investment Management Services clients, AAM has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, the time of purchase or sale, and the amount of the securities to be bought or sold. In all cases, AAM exercises discretion consistently with the stated investment objectives for the particular client account. AAM's discretionary authority can only be exercised in the Client's name and for the Client's account. AAM cannot make withdrawals or distributions for a client's account without express direction. Investment guidelines and restrictions must be provided to AAM in writing.

The Client will approve the custodian to be used. AAM does not receive any portion of the transaction fees or commissions paid by the Client to the custodian on trades.

Generally, AAM's Investment Management Services clients are unable to restrict or prohibit transactions or direct transactions for execution through specific brokers and dealers, but for clients who select General Consultation or Financial Planning Services, the Client may elect to reject AAM's advice or implement some of the advice provided through brokers and dealers of their own choice.

Limited Power of Attorney

A limited power of attorney is a trading authorization for this purpose. Clients sign a limited power of attorney so that AAM may execute trades approved by a client.

Voting Client Securities (Item 17)

Proxy Votes

Companies and mutual funds routinely solicit proxies from shareholders to vote upon various important matters affecting shareholders' rights. AAM's policy is **not** to exercise proxy voting rights concerning securities held in clients' accounts. AAM will ask client custodian(s) to forward proxy voting materials directly to AAM's clients. If the Client has a question on proxy voting materials or has questions about a solicitation, they can contact AAM.

Financial Information (Item 18)

Financial Condition

Registered investment advisers are required in this Item to provide you with specific financial information or disclosures about AAM's financial condition. AAM has no financial commitment that impairs its ability to meet contractual and fiduciary obligations to clients and has not been the subject of a bankruptcy proceeding.