

## Item 1: Cover Page

### **Part 2A of Form ADV Firm Brochure**

February 23, 2021

#### **Asbury Investment Management LLC**

CRD No. 291990

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This brochure provides information about the qualifications and business practices of Asbury Investment Management LLC. If you have any questions about the contents of this brochure, please contact us at 844-427-2879. 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. Registration with the SEC or state regulatory authority does not imply a certain level of skill or expertise.

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

## **Item 2: Material Changes**

This Firm Brochure is our disclosure document prepared according to regulatory requirements and rules. We will provide you with interim disclosures about material changes as necessary. At this time there are no material changes.

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## **Item 4: Advisory Business**

### **A. Asbury, LLC**

Asbury Investment Management LLC ("Asbury" or "the firm") is a registered investment adviser. The firm is organized as an Illinois limited liability company. Asbury is owned by its principals, John Kosar (50%) and Kenneth ("Ken") S. Tomko (50%). The firm has been providing investment advisory services since January 2018.

### **B. Advisory Services Offered**

#### **B.1. Investment Management Services**

Asbury's investment management services include the following:

- Portfolio evaluation
- Assessment of investment objectives and financial goals
- Strategic asset allocation planning
- Security selection and trading
- Portfolio management and monitoring
- Performance measurement

For its discretionary investment management services, Asbury receives a limited power of attorney to effect securities transactions on behalf of its clients that include securities and strategies described in Item 8 of this brochure.

Asbury's investment management services are predicated on the client's investment objectives, goals, tolerance for risk, and other personal and financial circumstances. Asbury will analyze each client's current investments, investment objectives, goals, age, time horizon, financial circumstances, investment experience, investment restrictions and limitations, and risk tolerance and implement a portfolio consistent with such investment objectives, goals, risk tolerance and related financial circumstances. Asbury's objective is to review the client's tax, financial, and estate planning objectives and goals in connection with the client's investment objectives, goals, tolerance for risk, and other personal and financial circumstances and make appropriate recommendations and implementation decisions. Asbury may engage third-party service providers to assist with the tax and estate planning portion of the services provided to clients. In addition, Asbury may utilize third-party software to analyze individual security holdings and separate account managers utilized within the client's portfolio.

In addition to providing Asbury with information regarding their personal financial circumstances, investment objectives and tolerance for risk, clients have the right to provide the firm with any reasonable investment restrictions that should be imposed on the management of their portfolio, and to promptly notify the firm in writing of any changes in such restrictions or in the client's personal financial circumstances, investment objectives, goals and tolerance for risk. Asbury's annual Privacy Policy notice will remind clients of their obligation to inform the firm of

any such changes or any restrictions that should be imposed on the management of the client's account.

### **C. Client-Tailored Services and Client-Imposed Restrictions**

Each client's account will be managed on the basis of the client's financial situation and investment objectives and in accordance with any reasonable restrictions imposed by the client on the management of the account—for example, restricting the type or amount of security to be purchased in the portfolio.

### **D. Wrap Fee Programs**

Asbury does not participate in wrap fee programs. (Wrap fee programs offer services for one all-inclusive fee.)

### **E. Client Assets Under Management**

As of December 31, 2020, Asbury had \$23 million in discretionary assets under management.

## **Item 5: Fees and Compensation**

### **A. Methods of Compensation and Fee Schedule**

#### **A.1. Asset-Based Fee Schedule**

Asbury's fee asset-based fees are calculated as a percentage of the value of the managed assets. Asbury charges a maximum one percent advisory fee (1.0%) on the value of portfolio assets under Asbury's supervision. Fees are negotiable.

Asset-based fees are always subject to the investment advisory agreement between the client and Asbury. Such fees are payable quarterly in advance based on the value of the client's account (s) as of the last business day of the immediately prior calendar quarter. The fees will be prorated if the investment advisory relationship commences otherwise than at the beginning of a calendar quarter. Adjustments for significant contributions to a client's portfolio are prorated for the quarter in which the change occurs; no adjustments will be made for withdrawals.

The client authorizes the qualified custodian to automatically deduct the fee and all other charges payable hereunder from the assets in the account when due, with such payments to be reflected on the next account statement sent to the client. If insufficient cash is available to pay such fees, securities in an amount equal to the balance of unpaid fees will be liquidated to pay for the unpaid balance. Asbury may modify the fee at any time upon 30 days' written notice to the client. In the event the client has an ERISA-governed plan, fee modifications must be approved in writing by the client.

### **B. Client Payment of Fees**

Asbury generally requires investment advisory fees to be prepaid on a quarterly basis. Asbury's fees will either be paid directly by the client or disbursed to Asbury by the qualified custodian of the client's investment accounts, subject to prior written consent of the client. The custodian will deliver directly to the client an account statement, at least quarterly, showing all investment and transaction activity for the period, including fee disbursements from the account.

Asbury generally requires clients to authorize the direct debit of fees from their accounts. Exceptions may be granted subject to the firm's consent for clients to be billed directly for our fees. For directly debited fees, the custodian's periodic statements will show each fee deduction from the account. Clients may withdraw this authorization for direct billing of these fees at any time by notifying us or their custodian in writing. will deduct advisory fees directly from the client's account provided that (i) the client provides written authorization to the qualified custodian, and (ii) the qualified custodian sends the client a statement, at least quarterly, indicating all amounts disbursed from the account. The client is responsible for verifying the accuracy of the fee calculation, as the client's custodian will not verify the calculation.

A client investment advisory agreement may be canceled at any time by either party upon 30 days' prior written notice. Upon termination, any unearned, prepaid fees will be promptly refunded.

### **C. Additional Client Fees Charged**

In addition to Asbury's fee, 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, mutual fund sales loads, 12(b)-1 fees, surrender charges, variable annuity fees and surrender charges, IRA and qualified retirement plan fees, and other fees and taxes. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Advisory fees charged by Asbury are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to clients. Asbury does not share in or receive any portion of such fees. A description of these fees and expenses are available in each investment company security's prospectus.

Please refer to the Brokerage Practices section (Item 12) for additional information regarding the firm's brokerage practices.

### **D. External Compensation for the Sale of Securities to Clients**

Asbury advisory professionals are compensated solely through a salary and bonus structure. Asbury is not paid any sales, service or administrative fees for the sale of mutual funds or any other investment products with respect to managed advisory assets.



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

Asbury does not charge performance-based fees and therefore has no economic incentive to manage clients' portfolios in any way other than what is in their best interests.

## **Item 7: Types of Clients**

Asbury offers its investment advisory services to various types of clients including individuals and high-net-worth individuals, small businesses, and institutions.

In general, we require a minimum account size of \$250,000. At our discretion, we may waive this minimum account size. The firm may also combine account values for clients and their children, joint accounts with their spouse, and other types of related accounts to meet the stated minimum. Asbury has the right to terminate a client's account if it falls below a minimum size, which, in our sole opinion, is too small to effectively manage.

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

### A. Methods of Analysis and Investment Strategies

#### A.1. Methods of Analysis

Asbury uses a variety of sources of data to conduct its economic, investment and market analysis, such as financial newspapers and magazines, economic and market research materials prepared by others, conference calls hosted by mutual funds, corporate rating services, annual reports, prospectuses, and company press releases. It is important to keep in mind that there is no specific approach to investing that guarantees success or positive returns; investing in securities involves risk of loss that clients should be prepared to bear.

Asbury and its investment adviser representatives are responsible for identifying and implementing the methods of analysis used in formulating investment recommendations to clients. The methods of analysis may include quantitative methods for optimizing client portfolios, computer-based risk/return analysis, technical analysis, and statistical and/or computer models utilizing long-term economic criteria.

- Optimization involves the use of mathematical algorithms to determine the appropriate mix of assets given the firm's current capital market rate assessment and a particular client's risk tolerance.
- Quantitative methods include analysis of historical data such as price and volume statistics, performance data, standard deviation and related risk metrics, how the security performs relative to the overall stock market, earnings data, price to earnings ratios, and related data.
- Technical analysis involves charting price and volume data as reported by the exchange where the security is traded to look for price trends.
- Computer models may be used to derive the future value of a security based on assumptions of various data categories such as earnings, cash flow, profit margins, sales, and a variety of other company specific metrics.

In addition, Asbury reviews research material prepared by others, as well as corporate filings, corporate rating services, and a variety of financial publications. Asbury may employ outside vendors or utilize third-party software to assist in formulating investment recommendations to clients.

#### A.2. Risk of Loss

Asbury's strategies and investments involve risks, and therefore, clients must be prepared to bear the loss of their entire investment. There can be no assurance that any of the strategies will be successful in meeting their investment objective. Generally, Asbury's strategies are subject to the following risks:

- *Market Risk:* The possibility for an investor to experience losses due to factors that affect the overall performance of the financial markets. Market risk, also called "systematic risk," cannot be eliminated through diversification, though it can be hedged against. The risk

that a major natural disaster will cause a decline in the market as a whole is an example of market risk. Other sources of market risk include recessions, political turmoil, changes in interest rates and terrorist attacks.

- *Interest Rate Risk:* Interest rate risk is the risk that arises for bond owners from fluctuating interest rates. How much interest rate risk a bond has depends on how sensitive its price is to interest rate changes in the market. The sensitivity depends on two things, the bond's time to maturity, and the coupon rate of the bond.
- *Inflation Risk:* Inflation risk is the uncertainty over the future real value of your investment after inflation.
- *Credit Risk:* The risk of loss of principal or loss of a financial reward stemming from a borrower's failure to repay a loan or otherwise meet a contractual obligation. Credit risk arises whenever a borrower is expecting to use future cash flows to pay a current debt. Investors are compensated for assuming credit risk by way of interest payments from the borrower or issuer of a debt obligation.
- *Business Risk:* Business risk is the measure of risk associated with a particular security. It is also known as unsystematic risk and refers to the risk associated with a specific issuer of a security.
- *Liquidity Risk:* Liquidity risk refers to the possibility that an investor may not be able to buy or sell an investment as and when desired or in sufficient quantities because opportunities are limited.
- *Reinvestment Risk:* Reinvestment risk is the risk that falling interest rates will lead to a decline in cash flow from an investment when its principal and interest payments are reinvested at lower rates.
- *Geopolitical Risk:* The risk that an investment's returns could suffer as a result of political changes or instability in a country or region. Instability affecting investment returns could stem from a change in government, legislative bodies, other foreign policy makers, or military control.
- *Currency/Exchange Rate Risk:* Currency or exchange rate risk is a form of risk that arises from the change in price of one currency against another. The constant fluctuations in the foreign currency in which an investment is denominated vis-à-vis one's home currency may add risk to the value of a security.

In addition to the risks listed above, Asbury is subject to strategy risk. The business of investing in securities is highly competitive and the identification of attractive investment opportunities is difficult and involves a high degree of uncertainty.

The success of our strategies depends in large part on our ability to accurately assess the fundamental value of securities. Fundamental analysis involves analyzing financial statements, management and competitive advantages, and competitors and markets.

#### **A.4. Material Risks of Investment Instruments**

Asbury typically invests in open-end mutual funds and exchange-traded funds for the vast majority of its clients. However, for certain clients, Asbury may effect transactions in the following types of securities:

- Equity securities
- Mutual fund securities
- Exchange-traded funds
- Fixed income securities

##### **A.4.a. Equity Securities**

Investing in individual companies involves inherent risk. The major risks relate to the company's capitalization, quality of the company's management, quality and cost of the company's services, the company's ability to manage costs, efficiencies in the manufacturing or service delivery process, management of litigation risk, and the company's ability to create shareholder value (i.e., increase the value of the company's stock price). Foreign securities, in addition to the general risks of equity securities, have geopolitical risk, financial transparency risk, currency risk, regulatory risk and liquidity risk.

##### **A.4.b. Mutual Fund Securities**

Investing in mutual funds carries inherent risk. The major risks of investing in a mutual fund include the quality and experience of the portfolio management team and its ability to create fund value by investing in securities that have positive growth, the amount of individual company diversification, the type and amount of industry diversification, and the type and amount of sector diversification within specific industries. In addition, mutual funds tend to be tax inefficient and therefore investors may pay capital gains taxes on fund investments while not having yet sold the fund.

##### **A.4.c. Exchange-Traded Funds ("ETFs")**

ETFs are investment companies whose shares are bought and sold on a securities exchange. An ETF holds a portfolio of securities designed to track a particular market segment or index. Some examples of ETFs are SPDRs<sup>®</sup>, streetTRACKS<sup>®</sup>, DIAMONDS<sup>SM</sup>, NASDAQ 100 Index Tracking Stock<sup>SM</sup> ("QQQs<sup>SM</sup>") iShares<sup>®</sup> and VIPERs<sup>®</sup>. The funds could purchase an ETF to gain exposure to a portion of the U.S. or foreign market. The funds, as a shareholder of another investment company, will bear their pro-rata portion of the other investment company's advisory fee and other expenses, in addition to their own expenses.

Investing in ETFs involves risk. Specifically, ETFs, depending on the underlying portfolio and its size, can have wide price (bid and ask) spreads, thus diluting or negating any upward price movement of the ETF or enhancing any downward price movement. Also, ETFs require more frequent portfolio reporting by regulators and are thereby more susceptible to actions by hedge funds that could have a negative impact on the price of the ETF. Certain ETFs may employ leverage, which creates additional volatility and price risk depending on the amount of leverage utilized, the collateral and the liquidity of the supporting collateral.

Further, the use of leverage (i.e., employing the use of margin) generally results in additional interest costs to the ETF. Certain ETFs are highly leveraged and therefore have additional volatility and liquidity risk. Volatility and liquidity can severely and negatively impact the price of the ETF's underlying portfolio securities, thereby causing significant price fluctuations of the ETF.

#### **A.4.d. Fixed Income Securities**

Fixed income securities carry additional risks than those of equity securities described above. These risks include the company's ability to retire its debt at maturity, the current interest rate environment, the coupon interest rate promised to bondholders, legal constraints, jurisdictional risk (U.S or foreign) and currency risk. If bonds have maturities of ten years or greater, they will likely have greater price swings when interest rates move up or down. The shorter the maturity the less volatile the price swings. Foreign bonds have liquidity and currency risk.

## **B. Investment Strategy and Method of Analysis Material Risks**

Our investment strategy is custom-tailored to the client's goals, investment objectives, risk tolerance, and personal and financial circumstances.

### **B.1. Margin Leverage**

Although Asbury, as a general business practice, does not utilize leverage, there may be instances in which exchange-traded funds, other separate account managers and, in very limited circumstances, Asbury will utilize leverage. In this regard please review the following:

The use of margin leverage enhances the overall risk of investment gain and loss to the client's investment portfolio. For example, investors are able to control \$2 of a security for \$1. So if the price of a security rises by \$1, the investor earns a 100% return on their investment. Conversely, if the security declines by \$.50, then the investor loses 50% of their investment.

The use of margin leverage entails borrowing, which results in additional interest costs to the investor.

Broker-dealers who carry customer accounts require a minimum equity requirement when clients utilize margin leverage. The minimum equity requirement is stated as a percentage of the value of the underlying collateral security with an absolute minimum dollar requirement. For example, if the price of a security declines in value to the point where the excess equity used to satisfy the minimum requirement dissipates, the broker-dealer will require the client to deposit additional collateral to the account in the form of cash or marketable securities. A deposit of securities to the account will require a larger deposit, as the security being deposited is included in the computation of the minimum equity requirement. In addition, when leverage is utilized and the client needs to withdraw cash, the client must sell a disproportionate amount of collateral securities to release enough cash to satisfy the withdrawal amount based upon similar reasoning as cited above.

Regulations concerning the use of margin leverage are established by the Federal Reserve Board and vary if the client's account is held at a broker-dealer versus a bank custodian. Broker-dealers and bank custodians may apply more stringent rules as they deem necessary.

## **B.2. Short-Term Trading**

Although Asbury, as a general business practice, does not utilize short-term trading, there may be instances in which short-term trading may be necessary or an appropriate strategy. In this regard, please read the following:

There is an inherent risk for clients who trade frequently in that high-frequency trading creates substantial transaction costs that in the aggregate could negatively impact account performance.

## **B.3. Technical Trading Models**

Technical trading models are mathematically driven based upon historical data and trends of domestic and foreign market trading activity, including various industry and sector trading statistics within such markets. Technical trading models, through mathematical algorithms, attempt to identify when markets are likely to increase or decrease and identify appropriate entry and exit points. The primary risk of technical trading models is that historical trends and past performance cannot predict future trends, and there is no assurance that the mathematical algorithms employed are designed properly, updated with new data, and can accurately predict future market, industry, and sector performance.

## **B.4. Option Strategies**

Various option strategies give the holder the right to acquire or sell underlying securities at the contract strike price up until expiration of the option. Each contract is worth 100 shares of the underlying security. Options entail greater risk but allow an investor to have market exposure to a particular security or group of securities without the capital commitment required to purchase the underlying security or groups of securities. In addition, options allow investors to hedge security positions held in the portfolio. For detailed information on the use of options and option strategies, please contact the Options Clearing Corporation for the current Options Risk Disclosure Statement.

Asbury as part of its investment strategy may employ the following option strategies:

- Covered call writing
- Short put option strategy

### **B.4.a. Covered Call Writing**

Covered call writing is the sale of in-, at-, or out-of-the-money call option against a long security position held in the client portfolio. This type of transaction is used to generate income. It also serves to create downside protection in the event the security position declines in value. Income is received from the proceeds of the option sale. Such income may be reduced to the extent it is necessary to buy back the option position prior to its expiration. This strategy may involve a degree of trading velocity, transaction costs and significant losses

if the underlying security has volatile price movement. Covered call strategies are generally suited for companies with little price volatility.

#### **B.4.b. Short Put Option Strategy**

Short put option strategy is highly speculative and has theoretical potential for significant loss. The seller (writer) of the put option receives proceeds (premium) from the sale of the option. The expectation is that the value of the underlying security will remain above the contract strike price and the option will expire worthless, allowing the option writer to keep the entire amount of the sale proceeds (premium). Should the value of the underlying security decrease below the contract strike price, the option writer can either purchase the put option at a loss, or through a process of exercise and assignment be forced to buy the stock at the contract strike price. If this happens, the option writer will be purchasing the underlying security at a price potentially well above its then-current market value, exposing the investor to potential loss.

### **C. Security-Specific Material Risks**

There is an inherent risk for clients who have their investment portfolios heavily weighted in one security, one industry or industry sector, one geographic location, one investment manager, one type of investment instrument (equities versus fixed income). Clients who have diversified portfolios, as a general rule, incur less volatility and therefore less fluctuation in portfolio value than those who have concentrated holdings. Concentrated holdings may offer the potential for higher gain, but also offer the potential for significant loss.



## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There is nothing to report on this item.

### **B. Administrative Enforcement Proceedings**

There is nothing to report on this item.

### **C. Self-Regulatory Organization Enforcement Proceedings**

There is nothing to report on this item.

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

### **A. Broker-Dealer or Representative Registration**

Neither Asbury nor its affiliates, employees, or independent contractors are registered broker-dealers and do not have an application to register pending.

### **B. Futures or Commodity Registration**

Neither Asbury nor its affiliates are registered as a commodity firm, futures commission merchant, commodity pool operator or commodity trading advisor and do not have an application to register pending.

### **C. Material Relationships Maintained by this Advisory Business and Conflicts of Interest**

#### **C.1. T2 Asset Management, LLC**

Kenneth Tomko is a principal owner of T2 Asset Management, a registered investment adviser; as such, Asbury and T2 Asset Management are affiliated by common ownership. T2 Asset Management manages individual separate accounts for its advisory clients.

### **D. Recommendation or Selection of Other Investment Advisors and Conflicts of Interest**

Asbury does not recommend separate account managers or other investment products in which it receives any form of referral or solicitor compensation from the separate account manager or client.

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

### **A. Code of Ethics Description**

In accordance with the Advisers Act, Asbury has adopted policies and procedures designed to detect and prevent insider trading. In addition, Asbury has adopted a Code of Ethics (the "Code"). Among other things, the Code includes written procedures governing the conduct of Asbury's advisory and access persons. The Code also imposes certain reporting obligations on persons subject to the Code. The Code and applicable securities transactions are monitored by the chief compliance officer of Asbury. Asbury will send clients a copy of its Code of Ethics upon written request.

Asbury has policies and procedures in place to ensure that the interests of its clients are given preference over those of Asbury, its affiliates and its employees. For example, there are policies in place to prevent the misappropriation of material non-public information, and such other policies and procedures reasonably designed to comply with federal and state securities laws.

### **B. Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest**

Asbury does not engage in principal trading (i.e., the practice of selling stock to advisory clients from a firm's inventory or buying stocks from advisory clients into a firm's inventory). In addition, Asbury does not recommend any securities to advisory clients in which it has some proprietary or ownership interest.

### **C. Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

Asbury, its affiliates, employees and their families, trusts, estates, charitable organizations and retirement plans established by it may purchase the same securities as are purchased for clients in accordance with its Code of Ethics policies and procedures. The personal securities transactions by advisory representatives and employees may raise potential conflicts of interest when they trade in a security that is:

- owned by the client, or
- considered for purchase or sale for the client.

Such conflict generally refers to the practice of front-running (trading ahead of the client), which Asbury specifically prohibits. Asbury has adopted policies and procedures that are intended to address these conflicts of interest. These policies and procedures:

- require our advisory representatives and employees to act in the client's best interest,
- prohibit front-running, and
- provide for the review of transactions to discover and correct any trades that result in an advisory representative or employee benefitting at the expense of a client.

Advisory representatives and employees must follow Asbury's procedures when purchasing or selling the same securities purchased or sold for the client.

#### **D. Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

Asbury, its affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans established by it may effect securities transactions for their own accounts that differ from those recommended or effected for other Asbury clients. Asbury will make a reasonable attempt to trade securities in client accounts at or prior to trading the securities in its affiliate, corporate, employee or employee-related accounts. Trades executed the same day will likely be subject to an average pricing calculation (please refer to Item 12.B.3 Order Aggregation). It is the policy of Asbury to place the clients' interests above those of Asbury and its employees.

## Item 12: Brokerage Practices

### A. Factors Used to Select Broker-Dealers for Client Transactions

#### A.1. Custodian Recommendations

Asbury may recommend that clients establish brokerage accounts with Charles Schwab & Co. Inc. ("custodian"), a FINRA registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although Asbury may recommend that clients establish accounts at the custodian, it is the client's decision to custody assets with the custodian. Asbury is independently owned and operated and not affiliated with custodian. For Asbury client accounts maintained in its custody, the custodian generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through the custodian or that settle into custodian accounts.

Asbury considers the financial strength, reputation, operational efficiency, cost, execution capability, level of customer service, and related factors in recommending broker-dealers or custodians to advisory clients.

In certain instances and subject to approval by Asbury, Asbury will recommend to clients certain other broker-dealers and/or custodians based on the needs of the individual client, and taking into consideration the nature of the services required, the experience of the broker-dealer or custodian, the cost and quality of the services, and the reputation of the broker-dealer or custodian. The final determination to engage a broker-dealer or custodian recommended by Asbury will be made by and in the sole discretion of the client. The client recognizes that broker-dealers and/or custodians have different cost and fee structures and trade execution capabilities. As a result, there may be disparities with respect to the cost of services and/or the transaction prices for securities transactions executed on behalf of the client. Clients are responsible for assessing the commissions and other costs charged by broker-dealers and/or custodians.

##### A.1.a. How We Select Brokers/Custodians to Recommend

Asbury seeks to recommend a custodian/broker who will hold client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, the following:

- 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.)
- breadth of investment products made available (stocks, bonds, mutual funds, exchange-traded funds (ETFs), etc.)

- availability of investment research and tools that assist us 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 us and our other clients
- availability of other products and services that benefit us, as discussed below

#### **A.1.b. Client's Custody and Brokerage Costs**

For client accounts that the firm maintains, the custodian generally does not charge clients separately for custody services but is compensated by charging commissions or other fees on trades that it executes or that settle into the custodian's accounts. The custodian's commission rates applicable to the firm's client accounts were negotiated based on the firm's commitment to maintain a certain minimum amount of client assets at the custodian. This commitment benefits the client because the overall commission rates paid are lower than they would be if the firm had not made the commitment. In addition to commissions, the custodian charges a flat dollar amount as a "prime broker" or "trade away" fee for each trade that the firm has executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into the client's custodian account. These fees are in addition to the commissions or other compensation the client pays the executing broker-dealer. Because of this, in order to minimize the client's trading costs, the firm has the custodian execute most trades for the account.

#### **A.1.c. Soft Dollar Arrangements**

Asbury does not utilize soft dollar arrangements. Asbury does not direct brokerage transactions to executing brokers for research and brokerage services.

#### **A.1.d. Institutional Trading and Custody Services**

The custodian provides Asbury with access to its institutional trading and custody services, which are typically not available to the custodian's retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a certain minimum amount of the advisor's clients' assets are maintained in accounts at a particular custodian. The custodian's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

#### **A.1.e. Other Products and Services**

Custodian also makes available to Asbury other products and services that benefit Asbury but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of Asbury's accounts, including accounts not

maintained at custodian. The custodian may also make available to Asbury software and other technology that

- provide access to client account data (such as trade confirmations and account statements)
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- provide research, pricing and other market data
- facilitate payment of Asbury's fees from its clients' accounts
- assist with back-office functions, recordkeeping and client reporting

The custodian may also offer other services intended to help Asbury manage and further develop its business enterprise. These services may include

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

The custodian may also provide other benefits such as educational events or occasional business entertainment of Asbury personnel. In evaluating whether to recommend that clients custody their assets at the custodian, Asbury may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers, and not solely the nature, cost or quality of custody and brokerage services provided by the custodian, which may create a potential conflict of interest.

#### **A.1.f. Independent Third Parties**

The custodian may make available, arrange, and/or pay third-party vendors for the types of services rendered to Asbury. The custodian may discount or waive fees it would otherwise charge for some of these services or all or a part of the fees of a third party providing these services to Asbury.

#### **A.1.g. Additional Compensation Received from Custodians**

Asbury may participate in institutional customer programs sponsored by broker-dealers or custodians. Asbury may recommend these broker-dealers or custodians to clients for custody and brokerage services. There is no direct link between Asbury's participation in such programs and the investment advice it gives to its clients, although Asbury receives economic benefits through its participation in the programs that are typically not available to retail investors. These benefits may include the following products and services (provided without cost or at a discount):

- Receipt of duplicate client statements and confirmations
- Research-related products and tools
- Consulting services
- Access to a trading desk serving Asbury participants

- Access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts)
- The ability to have advisory fees deducted directly from client accounts
- Access to an electronic communications network for client order entry and account information
- Access to mutual funds with no transaction fees and to certain institutional money managers
- Discounts on compliance, marketing, research, technology, and practice management products or services provided to Asbury by third-party vendors

The custodian may also pay for business consulting and professional services received by Asbury's related persons, and may pay or reimburse expenses (including travel, lodging, meals and entertainment expenses for Asbury's personnel to attend conferences). Some of the products and services made available by such custodian through its institutional customer programs may benefit Asbury but may not benefit its client accounts. These products or services may assist Asbury in managing and administering client accounts, including accounts not maintained at the custodian as applicable. Other services made available through the programs are intended to help Asbury manage and further develop its business enterprise. The benefits received by Asbury or its personnel through participation in these programs do not depend on the amount of brokerage transactions directed to the broker-dealer.

Asbury also participates in similar institutional advisor programs offered by other independent broker-dealers or trust companies, and its continued participation may require Asbury to maintain a predetermined level of assets at such firms. In connection with its participation in such programs, Asbury will typically receive benefits similar to those listed above, including research, payments for business consulting and professional services received by Asbury's related persons, and reimbursement of expenses (including travel, lodging, meals and entertainment expenses for Asbury's personnel to attend conferences sponsored by the broker-dealer or trust company).

As part of its fiduciary duties to clients, Asbury endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Asbury or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Asbury's recommendation of broker-dealers for custody and brokerage services.

#### **A.1.h. The Firm's Interest in Schwab's Services**

The availability of these services from the custodian benefits the firm because the firm does not have to produce or purchase them. The firm does not have to pay for the custodian's services so long as a certain minimum of client assets is kept in accounts at the custodian. This minimum of client assets may give the firm an incentive to recommend that clients maintain their accounts with the custodian based on the firm's interest in receiving the custodian's services that benefit the firm'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 transactions. This is a potential conflict of interest. The firm believes, however, that the selection of the custodian as custodian and broker is in the best interest of clients. It is primarily supported by the scope,



quality, and price of the custodian's services and not the custodian's services that benefit only the firm.

### **A.2. Brokerage for Client Referrals**

Asbury does not engage in the practice of directing brokerage commissions in exchange for the referral of advisory clients.

### **A.3. Directed Brokerage**

#### **A.3.a. Asbury Recommendations**

Asbury typically recommends Schwab as custodian for clients' funds and securities and to execute securities transactions on its clients' behalf.

#### **A.3.b. Client-Directed Brokerage**

Occasionally, clients may direct Asbury to use a particular broker-dealer to execute portfolio transactions for their account or request that certain types of securities not be purchased for their account. Clients who designate the use of a particular broker-dealer should be aware that they will lose any possible advantage Asbury derives from aggregating transactions. Such client trades are typically effected after the trades of clients who have not directed the use of a particular broker-dealer. Asbury loses the ability to aggregate trades with other Asbury advisory clients, potentially subjecting the client to inferior trade execution prices as well as higher commissions.

## **B. Aggregating Securities Transactions for Client Accounts**

### **B.1. Best Execution**

Asbury, pursuant to the terms of its investment advisory agreement with clients, has discretionary authority to determine which securities are to be bought and sold, and the amount of such securities. Asbury recognizes that the analysis of execution quality involves a number of factors, both qualitative and quantitative. Asbury will follow a process in an attempt to ensure that it is seeking to obtain the most favorable execution under the prevailing circumstances when placing client orders. These factors include but are not limited to the following:

- The financial strength, reputation and stability of the broker
- The efficiency with which the transaction is effected
- The ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any)
- The availability of the broker to stand ready to effect transactions of varying degrees of difficulty in the future
- The efficiency of error resolution, clearance and settlement
- Block trading and positioning capabilities
- Performance measurement

- Online access to computerized data regarding customer accounts
- Availability, comprehensiveness, and frequency of brokerage and research services
- Commission rates
- The economic benefit to the client
- Related matters involved in the receipt of brokerage services

Consistent with its fiduciary responsibilities, Asbury seeks to ensure that clients receive best execution with respect to clients' transactions by blocking client trades to reduce commissions and transaction costs. To the best of Asbury's knowledge, these custodians provide high-quality execution, and Asbury's clients do not pay higher transaction costs in return for such execution.

Commission rates and securities transaction fees charged to effect such transactions are established by the client's independent custodian and/or broker-dealer. Based upon its own knowledge of the securities industry, Asbury believes that such commission rates are competitive within the securities industry. Lower commissions or better execution may be able to be achieved elsewhere.

## **B.2. Security Allocation**

Since Asbury may be managing accounts with similar investment objectives, Asbury may aggregate orders for securities for such accounts. In such event, allocation of the securities so purchased or sold, as well as expenses incurred in the transaction, is made by Asbury in the manner it considers to be the most equitable and consistent with its fiduciary obligations to such accounts.

Asbury's allocation procedures seek to allocate investment opportunities among clients in the fairest possible way, taking into account the clients' best interests. Asbury will follow procedures to ensure that allocations do not involve a practice of favoring or discriminating against any client or group of clients. Account performance is never a factor in trade allocations.

Asbury's advice to certain clients and entities and the action of Asbury for those and other clients are frequently premised not only on the merits of a particular investment, but also on the suitability of that investment for the particular client in light of his or her applicable investment objective, guidelines and circumstances. Thus, any action of Asbury with respect to a particular investment may, for a particular client, differ or be opposed to the recommendation, advice, or actions of Asbury to or on behalf of other clients.

## **B.3. Order Aggregation**

Orders for the same security entered on behalf of more than one client will generally be aggregated (i.e., blocked or bunched) subject to the aggregation being in the best interests of all participating clients. Subsequent orders for the same security entered during the same trading day may be aggregated with any previously unfilled orders. Subsequent orders may also be aggregated with filled orders if the market price for the security has not materially changed and the aggregation does not cause any unintended duration exposure. All clients participating in each aggregated order will receive the average price and, subject to minimum ticket charges and possible step outs, pay a pro rata portion of commissions.

To minimize performance dispersion, "strategy" trades should be aggregated and average priced. However, when a trade is to be executed for an individual account and the trade is not in the best interests of other accounts, then the trade will only be performed for that account. This is true even if Asbury believes that a larger size block trade would lead to best overall price for the security being transacted.

#### **B.4. Allocation of Trades**

All allocations will be made prior to the close of business on the trade date. In the event an order is "partially filled," the allocation will be made in the best interests of all the clients in the order, taking into account all relevant factors including, but not limited to, the size of each client's allocation, clients' liquidity needs and previous allocations. In most cases, accounts will get a pro forma allocation based on the initial allocation. This policy also applies if an order is "over-filled."

Asbury acts in accordance with its duty to seek best price and execution and will not continue any arrangements if Asbury determines that such arrangements are no longer in the best interest of its clients.

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

### **A. Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved**

Accounts are reviewed by the investment adviser representative servicing the client's account. The frequency of reviews is determined based on the client's investment objectives, but reviews are conducted no less frequently than semi-annually. More frequent reviews may also be triggered by a change in the client's investment objectives, tax considerations, large deposits or withdrawals, large purchases or sales, loss of confidence in corporate management, or changes in macro-economic climate.

### **B. Review of Client Accounts on Non-Periodic Basis**

Asbury may perform ad hoc reviews on an as-needed basis if there have been material changes in the client's investment objectives or risk tolerance, or a material change in how Asbury formulates investment advice.

### **C. Content of Client-Provided Reports and Frequency**

The client's independent custodian provides account statements directly to the client no less frequently than quarterly. The custodian's statement is the official record of the client's securities account and supersedes any statements or reports created on behalf of the client by Asbury.

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

### **A. Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest**

Asbury does not receive economic benefits for referring clients to third-party service providers.

### **B. Advisory Firm Payments for Client Referrals**

Asbury does not pay for client referrals.

## Item 15: Custody

Asbury is considered to have custody of client assets for purposes of the Advisers Act for the following reasons:

- The client authorizes us to instruct their custodian to deduct our advisory fees directly from the client's account. The custodian maintains actual custody of clients' assets.
- Our authority to direct client requests, utilizing standing instructions, for wire transfer of funds for first-party money movement and third-party money movement (checks and/or journals, ACH, Fed-wires). The firm has elected to meet the SEC's seven conditions to avoid the surprise custody exam, as outlined below:
  1. The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
  2. The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
  3. The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization, and provides a transfer of funds notice to the client promptly after each transfer.
  4. The client has the ability to terminate or change the instruction to the client's qualified custodian.
  5. The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
  6. The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
  7. The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

Individual advisory clients will receive at least quarterly account statements directly from their custodian containing a description of all activity, cash balances, and portfolio holdings in their accounts. Clients are urged to compare the account balance(s) shown on their account statements to the quarter-end balance(s) on their custodian's monthly statement. The custodian's statement is the official record of the account.

## **Item 16: Investment Discretion**

Clients may grant a limited power of attorney to Asbury with respect to trading activity in their accounts by signing the appropriate custodian limited power of attorney form. In those cases, Asbury will exercise full discretion as to the nature and type of securities to be purchased and sold, and the amount of securities for such transactions.

Investment limitations may be designated by the client as outlined in the investment advisory agreement. We will work with clients to implement any reasonable investment restrictions on their investment accounts (e.g., social responsibility, environmentally friendly, religious-based, etc.). Asbury requires clients to provide all requests for investment restrictions in writing.

## Item 17: Voting Client Securities

Asbury, as an SEC-registered investment advisor, often has voting power with respect to securities in client accounts. Asbury owes certain fiduciary duties with respect to the voting of proxies. These fiduciary duties include (i) the duty of care which is required to monitor corporate events and to vote the proxies, and (ii) the duty of loyalty which is required to vote proxies in a manner consistent with the best interests of the client and to put the client's interests before its own interests. In keeping with its fiduciary duties, Asbury has adopted a Proxy Voting Policy, which sets forth policies and procedures designed to ensure that Asbury votes each client's securities in the best interests of the client.

Asbury will be authorized to take action and render any advice with respect to the voting of proxies for securities held in the client's account. Asbury will make an independent valuation for each applicable company held in the client's account in accordance with its fiduciary obligations as detailed in this policy. Clients may contact Asbury's Managing Member for information about how Asbury voted with respect to any of the securities held in their account.

Except as required by applicable law, Asbury will not be obligated to render advice or take any action on behalf of the client with respect to assets presently or formerly held in the client's account which become the subject of any legal proceedings, including bankruptcies.

As a general rule, Asbury will vote all proxies relating to a particular proposal the same way for all client accounts holding the security in accordance with Asbury's Proxy Voting Policy, unless a client specifically instructs in writing to vote such client's securities otherwise. When making proxy voting decisions, Asbury may seek advice or assistance from third-party consultants, such as proxy voting services or legal counsel. A copy of Asbury's Proxy Voting Policy will be provided upon receipt of a written request.



## **Item 18: Financial Information**

### **A. Balance Sheet**

Asbury does not require the prepayment of fees of \$1200 or more, six months or more in advance, and as such is not required to file a balance sheet.

### **B. Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

Asbury does not have any financial issues that would impair its ability to provide services to clients.

### **C. Bankruptcy Petitions During the Past Ten Years**

There is nothing to report on this item.