

Item 1 – Cover Page

American Capital Advisory, LLC.
500 North Washington, Suite 202
Ketchum, ID 83340

Phone: 208-710-8669

Fax: 208-549-7016

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This Brochure provides information about the qualifications and business practices of American Capital Advisory. If you have any questions about the contents of this Brochure, please contact us at 208-710-8669. 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.

American Capital Advisory is a Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information you may use to determine to hire or retain an Adviser.

Additional information about American Capital Advisory also is available on the SEC's website at www.advisorinfo.sec.gov

Item 2 – Material Changes

American Capital Advisory has made no material changes since our last update of this Brochure in June 2020.

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Item 4 – Advisory Business

American Capital Advisory, LLC (ACA), was formed August 16, 2006 and provides investment advisory services to individuals, high net worth individuals, corporations, trusts, and financial institutions. ACA's principal owners are Matthew McNeal, Ian Jameson and Huntley Davenport, Jr.

ACA provides discretionary investment management services to individuals, trusts, estates, charitable organizations, corporations and businesses. We tailor portfolios specific to the needs of each individual client. Risk tolerance levels are discussed with each client, as well as income requirements and investment objectives. Clients can impose restrictions on investing in certain types of securities. In some cases, investing on margin is acceptable to clients.

ACA does not participate in wrap free programs.

ACA manages client assets on a discretionary basis in the amount of \$147,252,383. Of this, \$3,202,375 is managed jointly with Wilbanks, Smith & Thomas Asset Management, LLC (WST) via a solicitation agreement. This solicitation agreement pertains to legacy clients that former director Lawrence N. Smith, Jr. retained from his tenure at Wilbanks, Smith & Thomas Asset Management, LLC. ACA does not solicit new clients on behalf of Wilbanks, Smith & Thomas. These values were calculated as of 12/31/2021.

Assets Under Management as of 12/31/2021

\$147,252,383 Discretionary Basis

\$4,466,750 Non-Discretionary Basis

\$151,719,133 Total Assets Under Management

Item 5 – Fees and Compensation

American Capital Advisory, LLC (ACA) charges fees based on a percentage of assets under management. ACA's fees are calculated based on the total market value of the account at the end of each month, and payable in arrears at an annual rate based on the following schedule, unless otherwise negotiated:

0-\$1MM	-	1.00%
\$1-2MM	-	0.90%
\$2-3MM	-	0.80%
\$3-4MM	-	0.70%
\$4-5MM	-	0.60%
\$5MM and above	-	0.50%

With regard to fees split with WST, the above fee schedule applies unless otherwise negotiated. Lower fees for comparable services may be available from other sources.

For those clients who use margin accounts, ACA's fees are calculated based on the net asset value of the account at the end of the month, and payable in arrears at an annual rate based on the above schedule. In some cases, clients are able to request a reduced fee based on the total value of securities managed not including the margin balance.

Some clients have decided to use their margin capability as a method to fund outside investments, in which case they have withdrawn sums of money out of their accounts because of favorable margin interest rates. For those clients who choose to margin accounts, the fee charged by ACA is based on the debit amount added back to the portfolio. In some cases, clients may request a reduced fee based on the total value of securities managed not including the margin balance.

An example of this would be if Client A's portfolio value is \$5,000,000 and they decide to withdraw \$1,500,000 on margin to fund another investment opportunity. When calculating the monthly fee, ACA would add back the \$1,500,000 to the net asset value of Client A's account to determine the appropriate fee. In this example, the client would be charged a fee on \$5,000,000; \$3,500,000 net asset value plus the \$1,500,000 margin withdrawal.

ACA deducts fees monthly from clients' assets, while solicitor accounts fees are deducted quarterly. Alternatively, ACA clients are permitted to be billed quarterly.

In connection with the advisory services provided by ACA, clients pay other fees including mutual fund expenses, ETF expenses and custodian fees. Clients will also incur brokerage fees and transaction costs specific to their custodian. Item 12 further discusses brokerage.

ACA does not allow clients to pay fees in advance.

Neither ACA nor any supervised person accepts compensation for the sale of securities or other investment products.

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

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

Item 7 – Types of Clients

American Capital Advisory, LLC provides investment advisory services to individuals, high net worth individuals, corporations, trusts, and financial institutions. ACA requires a minimum of \$250,000 for opening or maintaining an account, unless otherwise negotiated. See Item 5—Fees and Compensation for additional information.

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

American Capital Advisory, LLC (ACA) utilizes an asset allocation strategy that involves low cost Exchange Traded Funds (ETFs) and Mutual Funds to meet client return objectives. These strategies generally use a global asset allocation approach that involves a mixture of equity and fixed income ETFs and / or Mutual Funds. Equity mutual funds and ETFs generally seek to achieve a balance of risk and reward across companies of different sizes, geographic locations, levels of profitability and prices. Fixed Income ETFs and mutual funds seek to achieve a balance of risk and reward across different maturities and credit ratings. Both equity and fixed income fund portfolios are evaluated based on clients' risk preferences, time horizons, and social preferences.

ACA's Richmond office also uses a strategy called Monarch 23 that involves a portfolio of 20-30 individual equity positions that are selected as 'value' investments utilizing fundamental research and a mosaic of publicly available information sources. This strategy is one component of a client's overall asset allocation and has more concentrated positions than the ETF and Mutual Fund Strategy, signifying lower diversification and higher risk/reward relative to the asset allocation strategy.

ACA uses ETFs in a sector rotation strategy, where historical data and ETF sector-specific index funds are used to purchase sectors at a discount to their historical prices. This strategy offers relatively more concentration than the value investment strategy using individual securities but less diversification than the asset allocation strategy.

ACA utilizes various methods of analysis, including but not limited to fundamental research, charting, and technical indicators. Investment strategies used by ACA in managing assets include short and long term purchases, trading, short sales, and option writing.

Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear and there are no guarantees investment objectives will be met. Clients' portfolios' performance could be hurt by:

- Issuer risk. Securities held in clients' portfolios decline in value because of changes in the financial condition of, or events affecting, the issuers of these securities.
- Management risk. Our firm's opinion about the intrinsic worth of a company or security is incorrect, and we do not make timely purchases or sales of securities.
- Equity risk. Equity securities generally have greater price volatility than fixed-income securities.
- Market risk. Stock prices decline over short or extended periods due to general market conditions.
- Liquidity risk. We do not sell a security in a timely manner or at desired prices.
- Non-U.S. issuer risk. Foreign investments tend to be more volatile than domestic securities, and are subject to risks that are not typically associated with domestic securities. For example, such investments are adversely affected by changes in currency rates and exchange control regulations, unfavorable political and economic developments and the possibility of seizure or nationalization of companies, or the imposition of withholding taxes on income. Foreign markets tend to be more volatile than the U.S. market due to economic and political instability and regulatory conditions in some countries.
- Interest rate risk. Fixed-income security prices decline due to rising interest rates. Fixed-income securities with longer maturities tend to have higher yields and are generally subject to potentially greater volatility than obligations with shorter maturities and lower yields.

- Credit risk. A security's price declines due to deterioration in the issuer's financial condition, or the issuer fails to repay interest and/or principal in a timely manner.
- Call risk. During periods of falling interest rates, issuers of callable bonds to repay securities with higher interest rates before maturity. This could cause the portfolio to lose potential price appreciation if it reinvests the proceeds at lower interest rates.
- Mortgage and asset-backed securities risk. Early repayment of principal (e.g., prepayment of principal due to the sale of the underlying property, refinancing, or foreclosure) of mortgage-related securities (or other callable securities) exposes the portfolio to a potential loss on any premium to face value paid and to a lower rate of return upon reinvestment of principal. In addition, changes in the rate of prepayment also affect the price and price volatility of a mortgage-related security. Securities issued by certain U.S. government sponsored entities (GSEs) (such as the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac)) are not issued or guaranteed by the U.S. Treasury. In the event that these GSEs cannot meet their obligations, there can be no assurance that the U.S. government will continue to provide support, and the portfolio's performance could be adversely impacted.
- Municipal bond risk. U.S. state and local governments issuing municipal securities held by the underlying funds rely on taxes and revenues from private projects financed by municipal securities to pay interest and principal on municipal debt. The payment of principal and interest on these obligations is adversely affected by a variety of factors at the state or local level, including poor statewide or local economic results, changing political sentiments, legislation, policy changes or voter-based initiatives, erosion of the tax base or revenues of the state or one or more local governments, natural disasters, or other economic or credit problems.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of our firm or the integrity of our firm's management. American Capital Advisory does not have any events to disclose.

Item 10 – Other Financial Industry Activities and Affiliations

American Capital Advisory is an independent firm, solely engaged in the investment advisory services described in Item 4 – Advisory Business. American Capital Advisory, LLC (ACA) maintains a relationship with Wilbanks, Smith & Thomas Asset Management, LLC (WST) whereby ACA splits fees 50/50, which are collected by WST. This arrangement does not extend to new clients of ACA. The client will not pay a higher fee because of this relationship.

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

Our firm has adopted a Code of Ethics for all supervised persons, describing our high standard of business conduct, and fiduciary duty to its clients. To obtain a copy of our Code of Ethics contact Ian Jameson, Chief Compliance Officer.

Code of Ethics

All directors and employees of American Capital Advisory shall:

- Act with integrity, competence, diligence, respect and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets.
- Place the integrity of the investment profession, the interests of clients, and the interests of our firm above their own personal interests.
- Practice and encourage others to practice in a professional and ethical manner that will reflect credit on themselves and our firm.
- Comply with all applicable federal securities laws.
- Read and abide by our Personal Trading Policies and Procedures.
- Protect the privacy of our clients.
- Promptly report any violations of our Code of Ethics to the Chief Compliance Officer.

American Capital Advisory, LLC (ACA) access persons and immediate family members are permitted to maintain personal accounts with ACA, and on occasion will invest in the same or related securities as recommended for client accounts, but must adhere to ACA's code of ethics. In particular, any security that is being considered by ACA's investment committee as an initial security purchase and is pending or under active consideration for any client's account by ACA, cannot be purchased for any access persons or immediate family member's accounts prior to the initial establishment of that security's position in clients' accounts. Further, any security that is being considered for sale in a client's account cannot be sold in an access person's or immediate

family member's account prior to the liquidation of that security's position in client accounts. Exceptions to this rule include instances where an immediate family member's account is a fee paying account, or if purchases and sales are executed through block trades whereby each client receives the same execution price. ACA does not recommend to clients, or buy and sell for client accounts, securities in which related persons have material financial interest.

Transactions that are exempt from personal investing restrictions include securities that occasionally are designated as exempt in writing by the Chief Compliance Officer based on the belief that the risk of abuse is minimal or nonexistent. Exchange Traded Funds (ETF's) and Model Portfolio trades are exempt from personal investing restrictions. Model Portfolio trades include trades of individual securities in personal accounts that are submitted as a block trade or batch trade with client accounts, thereby achieving the same execution for personal accounts as client accounts. Furthermore, if any conflict of interest arises between an access persons or immediate family members account and a client account, the Chief Compliance Officer will review the trade for approval based on the belief that a client would not be negatively affected by the trade. There exists a structural issue whereby trades in the same model portfolio across multiple custodians will result in different average prices for clients at different custodians, creating a situation where an access person involved in a block trade at one custodian might receive more favorable pricing than client accounts at a different custodian. For example, clients invested in the Monarch 23 model at Wells Fargo will always receive a different average price than accounts at Charles Schwab invested in the same model. This relates to the manner in which Wells Fargo executes trades on ACA's behalf in client accounts. ACA monitors these differences over time by looking at account level performance across both custodians and taking samples of trade prices to from model trades at each custodian. ACA's assumption is that the difference in prices between custodians for trades executed on the same day for the same security are normally distributed and with a mean difference of 0%. This assumption is periodically tested and has been shown to be valid.

In the event of trading of securities outside of a Model Portfolio (as described above) where securities are purchased or sold for client accounts at or about the same time that securities are purchased or sold for an access person or their immediate family members, access persons and immediate family members must send an email to request to trade to the Chief Compliance Officer (Ian Jameson) for approval prior to entry of an order. In the case of Mr. Jameson or his immediate family requiring trading approval, Mr. Jameson will submit the email to Matthew McNeal, Managing Director.

Item 12 – Brokerage Practices

It is our policy, consistent with investment considerations, to seek a favorable combination of best net price and execution for brokerage orders under the circumstances. Most favorable execution is a combination of commission rates and prompt, reliable, quality execution. In placing trades for discretionary accounts, commissions must be in line with those charged by the industry in general. They need not be the lowest, provided that: (a) the broker gives excellent execution, especially on difficult trades OR (b) the broker renders other important services.

ACA recommends Schwab to clients, for brokerage and custody services, however, does not require clients to custody their assets with Schwab. Schwab and other approved broker-dealers are not affiliated with our firm. Our criteria for our recommendation of Schwab or approval of another firm are based upon (1) the financial strength of the brokerage firm; (2) the quality of services rendered, and (3) commission rates.

ACA receives certain services from broker-dealers with whom we do business. These services are **not** contingent upon our firm committing any specific amount of business (assets in custody or trading commissions) to the broker-dealer. These services include access to both proprietary research and third party research; the use of software that provides access to client account data (such as trade confirmations and account statements), facilitates trade execution and allocation of aggregated trade orders to multiple accounts, provides securities' pricing, and facilitates payment of our investment management fees from clients' accounts.

We have established a system of tracking the commission dollars paid by our clients to each brokerage firm. Our Best Execution Committee regularly reviews the transactional fees charged by a broker-dealer for client transactions and determines the reasonableness of the compensation by factoring in the client services offered by the brokerage firm, including customer service for account access, online services, and finance options.

Orders for accounts over which we have complete discretionary authority are aggregated (block traded) where possible with a view to obtaining lower trading costs. If a liquidity issue arises while trading a particular security, ACA will maintain a list of clients and rotate through the list while trading the security so as to ensure that no client receives preferential treatment.

ACA permits clients to direct brokerage. However, as per the advisory agreement, the client understands and acknowledges that brokerage commissions or asset-based fees charged by a client designated broker-dealer/bank/custodian could exceed those charged by other broker-dealers providing similar execution services on behalf of the client and the account. Furthermore, clients whose assets are held by full-service broker-dealers designated by the client will generally pay higher commissions than other clients, due to the additional services the client receives from the broker-dealer. For example, in a directed brokerage account, the client can pay

higher brokerage commissions because you may not be able to aggregate orders to reduce transaction costs, or the client can receive less favorable prices.

ACA does not receive client referrals from a broker dealer or third party. Nor does it receive Soft Dollar benefits.

Item 13 – Review of Accounts

Accounts are reviewed by advisors at least on an annual basis to determine if changes need to be made relative to asset allocation and security positions based on each client's investment policies. Underlying securities in portfolio accounts are continually monitored, and additional client account reviews are triggered by market, macroeconomic or political factors. Advisors reviewing accounts are Matthew McNeal, CFA, Ian Jameson, Maunsel Hickey and Huntley Davenport Jr. Reviews are conducted online and are not documented beyond the transactions that occur as a result of the review.

Account statements are provided to clients on a monthly basis directly from their custodian. Where possible, clients are encouraged to enroll with e-delivery of statements and trade confirmations with their custodian. ACA billing statements are sent electronically to clients after the Chief Compliance Officer or a designee reviews the statements for approval.

Item 14 – Client Referrals and Other Compensation

ACA manages approximately \$7.5 million under a solicitor agreement with Wilbanks Smith and Thomas Asset Management where ACA and WST split fees 50/50 on these accounts. ACA does not solicit new clients on behalf of WST, which negates any potential conflict of interest. Clients whose accounts are managed via this agreement have been made aware of the fee arrangement and the relationship between the firms.

Neither ACA nor any related person directly or indirectly compensate any person for client referrals.

Item 15 – Custody

American Capital Advisory does not take possession of client funds or securities. Nevertheless, the firm is deemed to have custody of some client assets through the direct debiting of management fees from client custodial accounts.

ACA provides investment advisory services only and does not provide the physical safekeeping of client assets, as provided by a qualified custodian. We have established procedures to avoid being deemed to have custody other than in the limited circumstance mentioned above.

American Capital withdraws advisory fees directly from client accounts. ACA provides monthly statements to clients of management fees withdrawn from client accounts at the same time that it sends invoices to the custodian of the client accounts. The custodian sends monthly statements to ACA clients showing all disbursements for the custodian account, including the amount of the advisory fee. ACA strongly recommends that clients review their statements received from ACA and compare them to their custodian statements. All clients receive monthly or quarterly statements from their respective custodians which should be reviewed for accuracy. ACA calculates fees utilizing custodial data and third-party reporting software to mitigate errors in manual calculation. Each client provides written authorization to withdraw fees from their account.

Item 16 – Investment Discretion

When a client hires American Capital as their investment advisor, the client executes an Advisory Agreement that allows ACA to make investment decisions and execute transactions on their behalf. Clients can specify a limitation on the types of securities in which ACA invests, to align with their personal philosophies on the grounds of social, environmental or religious beliefs. Subject to these limitations, ACA is given discretionary authority to determine the securities to be bought and sold for a client's account, and the amount of said securities to be bought or sold for a client's account. Although ACA can execute transactions on the client's behalf, ACA does not have the ability to take custody of assets or cash from the broker-dealer or custodian. The agreement allows for the deduction of fees from the account should the client so desire. ACA manages accounts on a discretionary basis.

Item 17 – Voting Client Securities

ACA does not vote proxies on behalf of clients. All proxy materials received on behalf of a client account will be sent directly to the client or a designated representative of the client, who is responsible for voting the proxy. ACA personnel is available to answer client questions regarding proxy-voting matters in an effort to assist the client in determining how to vote the proxy. However, the final decision of how to vote the proxy rests with the client.

Item 18 – Financial Information

American Capital Advisory has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients.

ACA does not require or solicit ANY prepayment of fees from clients.

ACA has not been the subject of a bankruptcy petition at any time.

ACA has a written Business Continuity Plan that describes procedures for continued operation of the firm in circumstances where access to the firm's offices has been impeded. This plan includes managing client accounts and controlling access to client information.