

Aviance Capital Partners, LLC

SEC File Number: 801 – 68979

Form ADV Part 2A, Firm Brochure
September 15, 2022

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This Brochure provides information about the qualifications and business practices of Aviance Capital Partners, LLC. If you have any questions about the contents of this Brochure, please contact us at (239) 598-4747 or jspike@aviancepartners.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Aviance Capital Partners, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

References to Aviance Capital Partners, LLC as being a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.

Item 2 Material Changes

Since the March 26, 2021 annual update filing, this Form ADV Part 2A Brochure has been amended at Item 4.A. to reflect a change in principal ownership. Since the March 26, 2022 annual update filing, this Form ADV Part 2A Brochure has been amended at Item 5 to eliminate separate fee schedules for the “myAviance Program,” which represents a reduction in the fee for that service.

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Item 4 Advisory Business

- A. Aviance Capital Partners, LLC (“Aviance”) is a Florida limited liability company, which was formed and registered as investment adviser in March 2008. Aviance is principally owned by Jack D. Brown, Managing Member, and Jeffrey S. Pike, Member and Chief Compliance Officer.

Aviance provides investment advisory services on a discretionary or non-discretionary basis to its clients, who generally include individuals, high net worth individuals, trusts, estates, pension and profit sharing plans, corporations, and other business entities.

B. INVESTMENT ADVISORY SERVICES

Clients can engage Aviance to provide discretionary or non-discretionary investment advisory services according to the terms and conditions of an Investment Advisory Agreement. Aviance’s annual investment advisory fee incorporated into that agreement is based upon a percentage of the market value of the assets placed under its management.

Aviance’s investment advisory services are specifically tailored to the needs of each client. To begin the process, an investment adviser representative will collaborate with the client to develop investment objectives based upon an assessment of factors that typically include capital preservation, risk tolerance, income production, liquidity requirements, client preferences, asset and liability levels, and investment restrictions. Once the client’s investment objectives are established, Aviance will allocate or recommend the client allocate investment assets consistent with the designated investment objectives and the strategy agreed upon between the client and their investment adviser representative. Once allocated, the client’s account is typically managed according to the selected strategy for which Aviance may execute account transactions based on ongoing reviews or other triggering events. Further, investment adviser representatives will periodically discuss with clients whether a strategy remains appropriate for them.

Aviance generally allocates client investment assets in conformity with one or more investment strategies described below, which will all be monitored and periodically adjusted to suit market conditions based on internal research. The corresponding fee schedules associated with these strategies are provided in Item 5.A.:

Disciplined Growth: This strategy invests in equities that Aviance perceives as being high quality, which are based on domestic and international companies with generally large market capitalization rates.

Disciplined Value: This strategy utilizes a value investing approach of stock selection to invest in equities of predominately domestic companies with varying market capitalization rates.

Global: This strategy invests primarily in closed end funds and exchange traded funds (“ETFs”) that consist of equity securities in both international and domestic markets.

Balanced: This strategy invests in both equity and fixed income securities in an effort to deliver a mixture of income and modest capital appreciation.

Enhanced Income: This strategy invests in diversified income-producing securities within asset classes that Aviance perceives as having the best potential for risk-adjusted income.

Core Plus: This strategy invests primarily in closed end funds and ETFs that consist of fixed income securities.

Fixed Income: This strategy invests in fixed income securities that are designed to provide a regular, stable income stream such as bonds issued by federal governments, local municipalities, or corporations.

Concentrated Position: This strategy is a customized approach to managing large equity positions typically through the use of options of the underlying securities.

Aviance's annual investment advisory fee compensates for investment management services and financial planning services that are ancillary to the investment management process. There is no additional cost associated with the financial planning services, which may address: cash flow, retirement needs, asset allocation consulting, educational funding, tax efficiency, charitable gifting, estate considerations, risk/insurance management, wealth transfer, and other special needs. Aviance provides these services as appropriate during the investment advisory process but is not obligated to provide these services with any regularity or according to a set schedule unless specifically agreed with the client. Aviance may also provide tax preparation services in connection with its financial planning service. Tax preparation services are generally outsourced to a third-party provider, and Aviance may agree to pay for a basic tax return.

Clients who own variable annuities can also generally engage Aviance to manage their variable annuity subaccounts as part of their overall investment portfolio. A variable annuity is a deferred annuity that provides investment returns based on the performance of its "subaccounts." Those subaccounts contain investment assets. Unless otherwise agreed in writing, the value of the subaccounts that clients engage Aviance to manage would be included as part of Aviance's calculation of its investment advisory fee described in Item 5. Aviance's investment selection for the variable annuity subaccounts is limited to those made available by the respective variable annuity sponsor. While neither Aviance nor any of its employees are registered as or associated with a broker-dealer, certain of Aviance's investment adviser representatives are licensed insurance agents. When Aviance deems it consistent with a client's investment objectives and financial situation, clients may purchase or exchange certain variable annuities that are made available through those insurance agents, who will not earn or accept any commission compensation from such purchase or exchange. Aviance's representatives will not receive any individual compensation from the sale or exchange of variable annuities. Aviance's only compensation related to variable annuities will be limited to the asset-based fee it earns from managing the investment subaccounts it is engaged to manage, as further described in Item 5 below, or as part of financial planning services that the client may engage Aviance to provide. Clients are not under any obligation to engage Aviance to provide any of the above services. The fact that Aviance could earn an advisory fee on the variable annuity subaccounts presents a conflict of interest if Aviance were to recommend that clients evaluate variable annuity products with unaffiliated broker-dealers/insurance agencies. Aviance mitigates that conflict of interest by reminding clients that they are not under any obligation to purchase variable annuities or engage Aviance to manage variable annuity subaccounts.

myAviance Program

Overview

When consistent with client's investment objectives, Aviance may offer asset management services through the myAviance program (the "myAviance Program"), an automated investment program through which clients are invested in a range of investment strategies that Aviance constructed and manages, each consisting of a portfolio that can include ETFs, mutual funds, and a cash allocation. The client's portfolio is held in a brokerage account opened by the client at Charles Schwab & Co., Inc. ("CS&Co."). Aviance uses the Institutional Intelligent Portfolios® platform ("Platform"), offered by Schwab Performance Technologies ("SPT"), a software provider to independent investment advisors and an affiliate of CS&Co., to operate the myAviance Program. Aviance is independent of and not owned by, affiliated with, or sponsored or supervised by SPT, CS&Co., or their affiliates (CS&Co. and its affiliates are sometimes collectively referred to as "Schwab"). Aviance, and not Schwab, is the client's investment adviser and primary point of contact with respect to the myAviance Program. As between Aviance and Schwab, Aviance is solely responsible, and Schwab is not responsible, for determining the appropriateness of the myAviance Program for the client, choosing a suitable investment strategy and portfolio for the client's investment needs and goals, and managing that portfolio on an ongoing basis. Clients can instruct Aviance to exclude up to three mutual funds or ETFs from their portfolio.

Aviance contracted with SPT to provide Aviance with the Platform, which consists of technology and related trading and account management services for the myAviance Program. The Platform enables Aviance to make the myAviance Program available to clients online and includes a system that automates certain key parts of its investment process (the "System"). The System includes an online questionnaire that helps Aviance determine the client's investment objectives and risk tolerance and select an appropriate investment strategy and portfolio. Aviance will recommend a portfolio via the System in response to the client's answers to the online questionnaire. The client may then indicate an interest in a portfolio that is one level less or more conservative or aggressive than the recommended portfolio, but Aviance then makes the final decision and selects a portfolio based on all the information it has about the client. The System also includes an automated investment engine through which Aviance manages the client's portfolio on an ongoing basis through automatic rebalancing and tax-loss harvesting (if the client is eligible and elects).

Aviance charges clients a fee for its services under the myAviance Program as part of the fees described under Item 5, Fees and Compensation. Aviance' fees are not set or supervised by Schwab. Aviance does not pay SPT or Schwab fees for the Platform as long as it maintains \$100 million in client assets in accounts at Schwab that are not enrolled in the myAviance Program. This arrangement presents a conflict of interest as it provides an incentive for Aviance to recommend that clients maintain their accounts at Schwab. Aviance would therefore generally recommend clients maintain accounts at Schwab if consistent with the considerations discussed in Item 12 below, which mitigates this conflict of interest.

Clients enrolled in the myAviance Program are limited in the universe of investment options available to them. For example, the investment options available are limited to ETFs, mutual funds, and cash/cash equivalents, whereas Aviance can recommend various other types of securities in its other services. Clients will have access to their accounts and a financial interface online but can also confer with Aviance with respect to their account. Please also refer to Item 8 below with respect to the investment risks associated with the myAviance Program, including mutual fund and ETF risk.

Rebalancing

The System will rebalance a client's account periodically by generating instructions to Schwab to buy and sell shares of funds and depositing or withdrawing funds through the "Sweep Program," considering the asset allocation for the client's investment strategy. Rebalancing trade instructions can be generated by the System when (i) the percentage allocation of an asset class varies by a set parameter established by Aviance, (ii) Aviance decides to change the ETFs or their percentage allocations for an investment strategy or (iii) Aviance decides to change a client's investment strategy, which could occur, for example, when a client makes changes to their investment profile or imposes or modifies restrictions on the management of their account. Accounts below \$5,000 may deviate farther than the set parameters as well as the target allocation of the selected investment profile. Rebalancing below \$5,000 may impact the ability to maintain positions in selected asset classes due to the inability to buy or sell at least one share of an ETF or mutual fund. For example, withdrawal requests may require entire asset classes to be liquidated to generate and disburse the requested cash.

Sweep Program

Each investment strategy involves a cash allocation ("Cash Allocation") that will be held in a sweep program at Charles Schwab Bank (the "Sweep Program"). The Cash Allocation will be a minimum of 4% of an account's value to be held in cash, and may be higher, depending on the investment strategy chosen for a client. The Cash Allocation will be accomplished through enrollment in the Sweep Program, which is sponsored by Schwab. By enrolling in the myAviance Program, clients consent to having the free credit balances in their brokerage accounts at Schwab swept into deposit accounts (Deposit Accounts) at Charles Schwab Bank (Schwab Bank) through the Sweep Program.

Schwab Bank is an FDIC-insured depository institution that is a Schwab affiliate. The Sweep Program is a required feature of the myAviance Program. If the Deposit Account balances exceed the Cash Allocation for a client's investment strategy, the excess over the rebalancing parameter will be used to purchase securities as part of rebalancing. If clients request cash withdrawals from their accounts, this likely will require the sale of fund positions in their accounts to bring their Cash Allocation in line with the target allocation for their chosen investment strategy. If those clients have taxable accounts, those sales may generate capital gains (or losses) for tax purposes. In accordance with an agreement with Schwab, Schwab Bank has agreed to pay an interest rate to depositors participating in the Sweep Program that will be determined by reference to an index.

Compensation to Schwab under the myAviance Program

Clients do not pay fees to SPT or brokerage commissions or other fees to Schwab as part of the myAviance Program. However, Schwab receives other revenues including but not specifically limited to the following which is subject to change: (i) the profit earned by Charles Schwab Bank, on the allocation to the Schwab Intelligent Portfolios Sweep Program described in the Schwab Intelligent Portfolios Sweep Program Disclosure Statement; (ii) investment advisory and/or administrative service fees (or unitary fees) received by Charles Schwab Investment Management, Inc., a Schwab affiliate, from Schwab ETFsTM Schwab Funds[®] and Laudus Funds[®] that Aviance selects to buy and hold in the client's brokerage account; (iii) fees received by Schwab from third-party ETFs that participate in the Schwab ETF OneSourceTM program and mutual funds in the Schwab Mutual Fund Marketplace[®] (including certain Schwab Funds and Laudus Funds) in the client's brokerage account for services Schwab provides; and (iv) remuneration Schwab may receive from the market centers where it routes ETF trade orders for execution.

MISCELLANEOUS

Limitations of Financial Planning and Non-Investment Consulting/Implementation Services. Aviance does not serve as a law firm, accounting firm, or insurance agency, and no portion of Aviance's services should be construed as legal, accounting, or insurance implementation services. Accordingly, Aviance does not prepare estate planning documents or tax returns. Unless specifically agreed in writing, neither Aviance nor its representatives are responsible to implement any financial plans or financial planning advice; provide ongoing financial planning services; or provide ongoing monitoring of financial plans or financial planning advice. The client is solely responsible to revisit the financial plan or financial planning advice with Aviance, if desired. The client retains absolute discretion over all financial planning and related implementation decisions and is free to accept or reject any recommendation from Aviance and its representatives in that respect. Aviance's financial planning and consulting services are completed upon communicating its recommendations to the client, upon delivery of the written financial plan, or upon termination of the applicable agreement. To the extent requested by a client, Aviance may recommend the services of other professionals for certain non-investment implementation purposes (i.e., attorneys, accountants, insurance agents, etc.), including Aviance's representatives in their separate and individual capacities as licensed insurance agents more fully described in Items 5.E. and 10.C. below. Clients are under no obligation to engage the services of any recommended professional, who are responsible for the quality and competency of the services they provide. Clients are not obligated to purchase insurance commission products through such a representative. Clients may purchase insurance products recommended by Aviance through other non-affiliated insurance agents.

Retirement Plan Rollovers – No Obligation / Conflict of Interest. A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If Aviance recommends a client roll over their retirement plan assets into an account to be managed by Aviance, such a recommendation creates a conflict of interest if Aviance will earn a new (or increase its current) advisory fee as a result of the rollover. No client is under any obligation to roll over retirement plan assets to an account managed by Aviance.

ERISA / IRC Fiduciary Acknowledgment. When Aviance provides investment advice to a client about the client's retirement plan account or individual retirement account, it does so as a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act ("ERISA") and/or the Internal Revenue Code ("IRC"), as applicable, which are laws governing retirement accounts. Because the way Aviance makes money creates some conflicts with client interests, Aviance operates under a special rule that requires it to act in the client's best interest and not put its interests ahead of the client's. Under this special rule's provisions, Aviance must: meet a professional standard of care when making investment recommendations (give prudent advice); never put its financial interests ahead of the client's when making recommendations (give loyal advice); avoid misleading statements about conflicts of interest, fees, and investments; follow policies and procedures designed to ensure Aviance gives advice that is in the client's best interest; charge no more than is reasonable for Aviance's services; and give the client basic information about conflicts of interest.

Non-Discretionary Service Limitations. Clients that determine to engage Aviance on a non-discretionary basis must be willing to accept that Aviance cannot execute any account transactions without obtaining the client's prior consent to the transactions. Therefore, if Aviance would like to make a transaction for a client's account (including removing a security that Aviance no longer believes is appropriate or adding a security that Aviance believes is appropriate), and the client is unavailable, Aviance will be unable to execute the account transactions (as it would for its discretionary clients) without first obtaining the client's consent. Affected clients may suffer investment losses or miss potential investment gains as a result.

Portfolio Activity/Inactivity. There may be extended periods of time when Aviance will not execute any transactions in a client's portfolio. In addition, certain of Aviance's investment strategies may involve above-average portfolio turnover which could negatively impact upon the net after-tax gain experienced by an individual client in a taxable account. Regardless of the level of activity in a client's account, they remain subject to the fees outlined in Item 5.

Cybersecurity Risk. The information technology systems and networks Aviance and its third-party service providers use to provide services to Aviance's clients employ various controls designed to prevent cybersecurity incidents stemming from intentional or unintentional actions that could cause significant interruptions in Aviance's operations and result in the unauthorized acquisition or use of clients' confidential or non-public personal information. Clients and Aviance are nonetheless subject to the risk of cybersecurity incidents that could ultimately cause them to incur losses, including for example: financial losses, cost, and reputational damage to respond to regulatory obligations, other costs associated with corrective measures, and loss from damage or interruption to systems. Although Aviance has established its systems to reduce the risk of cybersecurity incidents from coming to fruition, there is no guarantee these efforts will always be successful, especially considering Aviance does not directly control the cybersecurity measures and policies employed by third-party service providers. Clients could incur similar adverse consequences resulting from cybersecurity incidents that more directly affect issuers of securities in which those clients invest, broker-dealers, qualified custodians, governmental and other regulatory authorities, exchange and other financial market operators, or other financial institutions.

Client Obligations. When performing its services, Aviance is not required to verify any information received from the client or from the client's designated professionals and is expressly authorized to rely on that information. Clients are responsible to promptly notify Aviance if there is ever any change in their financial situation or investment objectives for the purpose of reviewing or amending Aviance's services or previous recommendations.

- C. Aviance provides investment advisory services tailored to the specific needs of each client. Before providing investment advisory services, an investment adviser representative will coordinate with clients to develop their investment objectives. Aviance will then allocate or recommend that clients allocate investment assets consistent with the designated investment objectives. The client may, at any time, impose reasonable restrictions, in writing, on Aviance's services.
- D. Aviance does not offer a wrap fee program for its investment advisory services. However, Aviance is a participating investment adviser in the "Lockwood Investment Strategies" wrap fee program sponsored by Lockwood Advisors, Inc., an unaffiliated SEC-registered investment adviser (the "Wrap Program Sponsor"). Participants in this wrap-fee program will enter into a separate agreement with the Wrap Program Sponsor and pay their fees directly to the Wrap Program Sponsor (who, in turn, will remit a portion of those fees to Aviance). The advisory fees remitted to Aviance are based upon an annual percentage of assets under management and are calculated by the Wrap Program Sponsor either on a quarterly basis or a monthly basis.

Wrap Programs. If Aviance is engaged to provide investment advisory services as part of an unaffiliated wrap-fee program, Aviance will be unable to negotiate commissions and/or transaction costs. Under a wrap fee program, the applicable wrap fee program sponsor arranges for the participant to receive investment advisory services, the execution of securities brokerage transactions, custody, and reporting services for a single specified fee. Participation in a wrap fee program may cost the participant more or less than purchasing such services separately. Since the custodian/broker-dealer is determined by the applicable wrap fee program sponsor, Aviance will be unable to negotiate commissions and/or transaction costs, and/or seek better execution. As a result, participants may pay higher commissions or other transaction costs or greater spreads or receive less favorable net prices on transactions for the account than would otherwise be the case through alternative clearing arrangements recommended by Aviance. Higher transaction costs adversely impact account performance. Aviance's Chief Compliance Officer, Jeffrey Pike, remains available to address any questions that a client may have regarding participation in a wrap fee program.

- E. As of December 31, 2021, Aviance had \$652,067,741 in assets under management on a discretionary basis; and \$464,205 in assets under management on a non-discretionary basis.

Item 5 Fees and Compensation

A. INVESTMENT ADVISORY SERVICES

Aviance's annual investment advisory fee is generally based upon a percentage of the market value of the assets placed under Aviance's management charged on a tiered basis as follows:

<u>Portfolio Value</u>	<u>ANNUAL FEE</u>
First \$3,000,000	1.00%
Additional Assets between \$ 3,000,001 - \$10,000,000	0.85%
Amounts Exceeding \$10,000,000	0.75%

For the Concentrated Positions strategy, Aviance's annual investment advisory fee is based on a fixed percentage of 0.50% of the market value of assets placed under management.

Unless Aviance expressly agrees otherwise in writing, account assets consisting of cash and cash equivalent positions are included in the value of an account's assets for purposes of calculating Aviance's advisory fee. Clients can advise Aviance not to maintain (or to limit the amount of) cash or cash equivalent positions in their account. Aviance's investment advisory fee is negotiable at Aviance's discretion, depending upon objective and subjective factors including but not limited to: the amount of assets to be managed, portfolio composition, the scope and complexity of the engagement, the anticipated number of meetings and servicing needs, related accounts, future earning capacity, anticipated future additional assets, the professionals rendering the services, prior relationships with Aviance and its representatives, and negotiations with the client. As a result of these factors, similarly situated clients could pay different fees, the services to be provided by Aviance to any particular client could be available from other advisers at lower fees, and certain clients may have fees different from those specifically set forth above.

- B. Clients may elect to have Aviance's advisory fees deducted from their custodial account. Both Aviance's advisory agreement and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of Aviance's investment advisory fee and to directly remit that fee to Aviance in compliance with regulatory procedures. In the limited event that Aviance bills the

client directly, payment is due upon receipt of Aviance's invoice. Except for certain limited existing clients, Aviance deducts fees or bills clients quarterly in arrears based upon the market value of the assets on the last business day of the previous quarter. In calculating market value, Aviance generally includes accrued interest on individual fixed income securities.

- C. Aviance generally recommends Charles Schwab and Co., Inc. ("Schwab") or Fidelity Inc. ("Fidelity") and their respective affiliated entities serve as the broker-dealers/custodians for client investment management assets. Broker-dealers charge transaction fees for executing certain securities transactions according to their fee schedule and they or their affiliated or unaffiliated custodians impose additional charges for custodial services and other fees associated with maintaining the client's account. Without limiting the foregoing, clients may also be required to pay certain charges and administrative fees related to their investment advisory accounts including, but not limited to, transaction charges (including mark-ups and mark-downs) resulting from trades executed through or with a broker-dealer other than the designated broker-dealer/custodian, transfer taxes, transfer or wiring fees, odd lot differentials, exchange fees, interest charges, American Depository Receipt agency processing fees, and any charges, taxes or other fees mandated by any federal, state or other applicable law or otherwise agreed to with regard to client accounts. For mutual fund and ETF purchases, clients will incur charges imposed by the respective fund which represent the client's pro rata share of the fund's management fee and other fund expenses. These fees and expenses are described in each fund's prospectus or other offering documents. Aviance does not share in the fees or expenses charged by the broker-dealers/custodians and fund sponsors described in this Item 5.C.
- D. Except for certain limited existing clients, Aviance's annual investment advisory fee is prorated and paid quarterly, in arrears, based upon the market value of the assets on the last business day of the previous quarter. The applicable form of agreement between Aviance and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the agreement. Upon termination, Aviance charges clients for advisory services on a prorated basis for the services provided.
- E. Neither Aviance, nor its representatives accept compensation from the sale of securities. However as set forth in Item 10.C. below, clients may engage certain of Aviance's representatives to purchase insurance products on a commission basis. The commissions charged by the respective insurance agencies may be higher or lower than those charged by other licensed insurance agencies.
 - 1. Conflict of Interest: The recommendation that a client purchase an insurance product on a commission basis presents a conflict of interest as the receipt of commissions may provide an incentive to recommend insurance products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Aviance's representatives.
 - 2. Clients may purchase insurance products recommended by Aviance or its representatives through other agencies or agents.
 - 3. Aviance does not receive more than 50% of its revenue from advisory clients as a result of commissions or other compensation for the sale of insurance commission products Aviance recommends to its clients.
 - 4. When Aviance's representatives sell an insurance product on a commission basis, Aviance does not charge an advisory fee in addition to the commissions paid by the client for such product. When providing services on an advisory fee basis, Aviance's representatives do not also receive commission compensation for such advisory services. However, a client may engage Aviance to provide investment management

services on an advisory fee basis and separate from such advisory services purchase an investment product from Aviance's representatives on a separate commission basis.

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

Neither Aviance nor any supervised person of Aviance accepts performance-based fees.

Item 7 Types of Clients

Aviance's clients generally include individuals, high net worth individuals, trusts, estates, pension and profit sharing plans, corporations, and other business entities. Aviance generally prefers clients have a minimum asset level of \$500,000. The minimum investment in a Concentrated Positions strategy is generally \$1,000,000. The minimum investment required to open or convert an account in the myAviance Program is \$5,000. Aviance, in its sole discretion, may reduce or waive its minimum investment requirements and/or charge a lesser investment advisory fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

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

A. Aviance typically employs the following methods of security analysis:

- Charting - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
- Fundamental - (analysis performed on historical and present data, with the goal of estimating value and making financial forecasts)
- Technical - (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)
- Cyclical - (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

Aviance typically uses the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases - (securities held at least a year)
- Short Term Purchases - (securities sold within a year)

Investment Risk in General. Investing in securities involves risk of loss that clients should be prepared to bear. Past performance does not guarantee future results. Different types of investments and investment strategies involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Aviance) will be profitable or equal any specific performance levels. Investment strategies such as asset allocation, diversification, or rebalancing do not assure or guarantee better performance and cannot eliminate the risk of investment losses. There is no guarantee a portfolio employing these or any other strategy will outperform a portfolio that does not engage in such strategies. While asset values may increase and

client account values could benefit as a result, it is also possible asset values may decrease, and client account values could suffer a loss.

- B. Aviance's fundamental methods of analysis and investment strategies do not present any significant or unusual risks. However, Aviance's investment strategies involving concentrated positions and those utilizing option transactions present higher levels of risk as discussed further below.

Every method of analysis has its own inherent risks. To perform an accurate market analysis Aviance must have access to current/new market information. Aviance has no control over the dissemination rate of market information; therefore, unbeknownst to Aviance, certain analyses may be compiled with outdated market information, severely limiting the value of Aviance's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

Aviance's primary investment strategies - Long Term Purchases and Short Term Purchases - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur more transactional costs and possibly greater tax consequences when compared to a longer-term investment strategy.

Concentrated Positions. Although Aviance generally employs a broad diversification strategy, there may be times when one position is more heavily weighted than others. Diversified portfolios generally incur less volatility and therefore less fluctuation in portfolio value than those with concentrated positions. Concentrated positions may offer the potential for higher gain, but also offer the potential for significant loss because there is the possibility that negative performance of the heavily weighted security will have a greater impact on the overall performance of the portfolio.

Option Strategies. The use of options as an investment strategy involves a high level of risk. Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller. Fulfillment may take the form of either selling or purchasing a security depending upon the nature of the option contract. Aviance generally does not employ option strategies on behalf of clients. However, for clients who have acquired a concentrated position, Aviance may employ a "covered call" option strategy to reduce exposure to that position. In that instance, Aviance will sell options on a selected portion of the concentrated position. The income received from the proceeds of the option sale may be needed to buy back the option position prior to its expiration. In limited circumstances, Aviance may also recommend the purchase of an option contract with the intent of offsetting/"hedging" a potential market risk in a client's portfolio. Options strategies in general may involve a degree of trading velocity, transaction costs and significant losses if the underlying security has volatile price movement. Certain options-related strategies (i.e., straddles, short positions, etc.), may, in and of themselves, produce principal volatility and risk. Clients employing these strategies must concurrently accept these enhanced risks. Clients who have instructed Aviance to employ options strategies may then seek to modify those directions by notifying Aviance, in writing, not to those strategies for their accounts. For detailed information on the use of options and option strategies, please refer to the Option Clearing Corp.'s Option Disclosure Document, which can be found at: <http://www.optionsclearing.com/components/docs/riskstoc.pdf>.

Hard copies may be ordered by calling 1-888-678-4667 or writing OCC, 1 North Wacker Drive, Suite 500 Chicago, Illinois 60606.

- C. Currently, Aviance primarily allocates client investment assets among various individual equity (stocks), debt (bonds) and fixed income securities, mutual funds, and ETFs, in conformity with one or more investment strategies described in Item 4. When consistent with a client's investment objectives, Aviance may also allocate investment assets structured notes and variable annuities as described below.

Structured Note Risk. A structured note is a financial instrument that combines two elements, a debt security and exposure to an underlying asset or assets. It is essentially a note, carrying counterparty risk of the issuer. However, the return on the note is linked to the return of an underlying asset or assets (such as the S&P 500 Index or commodities). It is this latter feature that makes structured products unique, as the payout can be used to provide some degree of principal protection, leveraged returns (but usually with some cap on the maximum return), and be tailored to a specific market or economic view. In addition, investors may receive long-term capital gains tax treatment if certain underlying conditions are met, and the note is held for more than one year. Finally, structured notes may also have liquidity constraints, such that the sale thereof prior to maturity may be limited.

Variable Annuity Risk. A variable annuity is a deferred annuity that provides investment returns based on the performance of its "subaccounts" that contain investment assets. Variable annuities can lose value based on market performance and are therefore subject to many of the general risks described below in this section. Before purchasing a variable annuity, please carefully review the annuity contract's prospectus in detail for all the features, risks, and benefits. Annuities are not FDIC insured and all guarantees are subject to the claims-paying ability of the insurance company. Annuity contracts are subject to federal income tax penalties for withdrawals prior to age 59½.

There are also more general risks that could potentially affect the value of client portfolios. These risks include but are not limited to the following:

Market Risk. The price of a security may drop in reaction to tangible and intangible events and conditions. This type of risk may be caused by external factors (such as economic or political factors) but may also be incurred because of a security's specific underlying investments. Additionally, each security's price can fluctuate based on market movement, which may or may not be due to the security's operations or changes in its true value. For example, political, economic, and social conditions may trigger market events which are temporarily negative, or temporarily positive.

Unsystematic Risk. Unsystematic risk is the company-specific or industry-specific risk in a portfolio that the investor bears. Unsystematic risk is typically addressed through diversification. However, as indicated above, diversification does not guarantee better performance and cannot eliminate the risk of investment losses.

Value Investment Risk. Value stocks may perform differently from the market as a whole and following a value-oriented investment strategy may cause a portfolio to underperform growth stocks.

Growth Investment Risk. Prices of growth stocks tend to be higher in relation to their companies' earnings and may be more sensitive to market, political and economic developments than other stocks, making their prices more volatile.

Small Company Risk. Securities of small companies are often less liquid than those of large companies and this could make it difficult to sell a small company security at a desired time or price. As a result, small company stocks may fluctuate relatively more in price. In general, small capitalization companies are more vulnerable than larger companies to adverse business or economic developments and they may have more limited resources.

Cash and Cash Equivalent Risk. Aviance may hold a portion of a client's assets in cash or cash equivalent positions (such as but not limited to money market funds) typically for defensive and liquidity purposes. Investments in these assets may cause a client to miss upswings in the markets. Aviance's advisory fee could exceed the interest income from holding cash or cash equivalents. Clients can advise Aviance not to maintain (or to limit the amount of) cash or cash equivalent positions in their account.

Mutual Fund Risk. Mutual funds are operated by investment companies that raise money from shareholders and invest it in stocks, bonds, and/or other types of securities. Each fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. Mutual funds charge a separate management fee for their services, so the returns on mutual funds are reduced by the costs to manage the funds. While mutual funds generally provide diversification, risks can be significantly increased if the fund is concentrated in a sector of the market. Mutual funds come in many varieties. Some invest aggressively for capital appreciation, while others are conservative and are designed to generate income for shareholders. In addition, the client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives).

Exchange Traded Fund (ETF) Risk. ETFs are marketable securities that are designed to track, before fees and expenses, the performance or returns of a relevant index, commodity, bonds, or basket of assets, like an index fund. Unlike mutual funds, ETFs trade like common stock on a stock exchange. ETFs experience price changes throughout the day as they are bought and sold. In addition to the general risks of investing, there are specific risks to consider with respect to an investment in ETFs, including, but not limited to: (i) an ETF's shares may trade at a market price that is above or below its net asset value; (ii) the ETF may employ an investment strategy that utilizes high leverage ratios; or (iii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are de-listed from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large fluctuations in stock prices) halts stock trading generally.

Item 9 Disciplinary Information

Aviance has not been the subject of any disciplinary actions.

Item 10 Other Financial Industry Activities and Affiliations

- A. Neither Aviance, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

- B. Neither Aviance, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. Aviance does not have any relationship or arrangement that is material to its advisory business or to its clients with any related person, except as described below

Licensed Insurance Agents. Certain of Aviance's representatives are licensed insurance agents in their individual capacities through whom clients may purchase insurance products on a commission basis, or variable annuity products on a non-commission basis. The recommendation by Aviance's representatives that a client purchase an insurance commission product presents a conflict of interest because the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received rather than on a particular client's need. Clients are not obligated to purchase any commission products from Aviance's representatives. Clients may purchase insurance products recommended by or through other, non-affiliated insurance agents or broker-dealers.

- D. Aviance does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

- A. Aviance maintains an investment policy relative to personal securities transactions. This investment policy is part of Aviance's overall Code of Ethics which serves to establish a standard of business conduct for all of Aviance's representatives that is based upon fundamental principles of openness, integrity, honesty and trust; a copy of which is available upon request. In accordance with Section 204A of the Investment Advisers Act of 1940, Aviance also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by Aviance or any person associated with Aviance.
- B. Neither Aviance nor any related person of Aviance recommends, buys, or sells for client accounts securities in which Aviance, or any related person of Aviance has a material financial interest.
- C. Aviance and its representatives may buy or sell securities that are also recommended to clients. This practice may create a situation where Aviance and its representatives are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation presents a conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if Aviance did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of Aviance's clients) and other potentially abusive practices.

Aviance has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of Aviance's "Access Persons." Aviance's securities transaction policy requires an Access Person of Aviance to provide the Chief Compliance Officer or their designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date Aviance selects.

- D. Aviance and its representatives may buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where Aviance and its representatives are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation presents a conflict of interest. As indicated above in Item 11.C., Aviance has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Aviance's Access Persons.

Item 12 Brokerage Practices

If a client requests that Aviance recommend a broker-dealer/custodian for execution or custodial services, Aviance generally recommends investment management accounts be maintained at Charles Schwab & Company ("Schwab") or Fidelity Investments ("Fidelity") and their respective affiliates, both of which are SEC-registered and FINRA member broker-dealers and qualified custodians. Before engaging Aviance to provide investment management services, clients enter into a formal agreement with Aviance setting forth the terms and conditions for the management of the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian. Depending on which broker-dealer/custodian clients select to maintain their account, they may experience differences in customer service, transaction timing, the availability of sweep account vehicles and money market funds, and other aspects of investing that could cause differences in account performance.

When seeking "best execution," from a broker-dealer, the determinative factor is not always the lowest possible cost, but whether the transaction represents the best qualitative execution when considering the full range of a broker-dealer's services including the value of research provided, execution capability, commission rates, and responsiveness. Although Aviance cannot guarantee clients will always experience the best possible execution available, Aviance seeks to recommend a broker-dealer/custodian that will hold client assets and execute transactions on terms that are, overall, most advantageous when compared with other available providers and their services. Aviance considers a wide range of factors when recommending a broker-dealer/custodian, including:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody);
- Capability to execute, clear and settle trades (buy and sell securities for client accounts);
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.);
- Breadth of available investment products (stocks, bonds, mutual funds, ETFs, etc.);
- Quality of services (including research);
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices;
- Reputation, financial strength, and stability; and
- Prior service to Aviance and its other clients.

Schwab and Fidelity are compensated for their services according to their fee schedule, generally by charging clients commissions or other fees on trades they execute or settle into their custodial account. Although Aviance will seek competitive rates and seek best execution for its clients, Aviance's clients may not necessarily obtain the lowest possible commission rates for all account transactions.

1. Research and Other Benefits

While Aviance does not receive traditional “soft dollar benefits,” Aviance and by extension, its clients receive access to certain institutional brokerage services (trading, custody, reporting, and related services), many of which are not typically available to Schwab and Fidelity retail customers. Schwab and Fidelity also make various support services available to Aviance. Some of those services help Aviance manage or administer its clients’ accounts while others help it manage and grow its business. Schwab and Fidelity’s support services generally are available on an unsolicited basis (Aviance does not have to request them) and at no charge to Aviance.

Schwab and Fidelity’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 and Fidelity include some to which Aviance might not otherwise have access or that would require a significantly higher minimum initial investment by its clients. These services benefit Aviance’s clients and their accounts.

Schwab and Fidelity also make other products and services available to Aviance that benefit Aviance but may only indirectly benefit its clients or their accounts, such as investment research developed by Schwab, Fidelity, or third parties that Aviance may use to service clients’ accounts. In addition to investment research, Schwab and Fidelity also make 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 other clients’ accounts; and
- Assist with back-office functions, recordkeeping, and client reporting.

Schwab and Fidelity may offer other services intended to help Aviance manage and further develop its business. These services include:

- Educational conferences and events;
- Consulting on technology, compliance, legal and business needs;
- Publications and conferences on practice management and business succession; and
- Access to employee benefits providers, human capital consultants, and insurance providers.

Schwab and Fidelity may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to Aviance. Schwab and Fidelity may discount or waive their fees for some of these services or pay all or a part of a third party’s fees. Schwab and Fidelity can also provide occasional business meals and entertainment for Aviance’s personnel.

The availability of the services and products described above that Aviance receives from Schwab (the “Services and Products”) provides Aviance with an advantage, because Aviance does not have to produce or purchase them. However, Aviance does not have to pay Schwab, Fidelity, or any other entity for Services and Products that Schwab and Fidelity provide. Aviance’s clients do not pay more for investment transactions executed or assets maintained at Schwab or Fidelity as a result of these arrangements. The receipt of Services and Products are not contingent upon Aviance committing any specific amount of business to Schwab or

Fidelity in trading commissions or assets in custody. There is no corresponding commitment made by Aviance to Schwab, Fidelity, or any other entity to invest any specific amount or percentage of client assets in any specific securities or investment products as a result of the above. However, these arrangements nonetheless incentivize Aviance to recommend clients maintain their account with Schwab and Fidelity based on its interest in receiving Schwab and Fidelity's services that benefit its business rather than based on clients' interest in receiving the best value in custody services and the most favorable execution of their transactions. This presents a conflict of interest. When making such a recommendation, however, Aviance does so when it reasonably believes recommending Schwab or Fidelity to serve as broker-dealer/custodian is in the best interests of its clients. It is primarily supported by the scope, quality, and price of Schwab or and Fidelity's services and not Schwab and Fidelity's services that benefit only Aviance.

Brokerage Practices Under the myAviance Program

Client accounts enrolled in the myAviance Program are maintained at, and receive the brokerage services of, Schwab, a broker-dealer registered with the SEC and a FINRA/SIPC member. While clients are required to use Schwab as custodian/broker to enroll in the myAviance Program, the client decides whether to do so and opens its account with Schwab by entering into a brokerage account agreement directly with Schwab. If the client does not wish to place their assets with Schwab, Aviance cannot manage the client's account through the myAviance Program. Schwab may aggregate purchase and sale orders for ETFs across accounts enrolled in the myAviance Program, including both accounts for Aviance clients and accounts for clients of other independent investment advisory firms using the Platform.

As described under Item 4, Aviance does not pay Schwab or SPT fees for the Platform as long as it maintains \$100 Million in client assets in accounts at Schwab that are not enrolled in the myAviance Program. In light of Aviance' arrangements with Schwab, Aviance may have an incentive to recommend clients maintain their accounts with Schwab based on its interest in receiving Schwab's services that benefit its business rather than based on the client's interest in receiving the best value in custody services and the most favorable execution of transactions. This presents a conflict of interest. When making such a recommendation, however, Aviance believes its recommendation of Schwab as custodian and broker is in the best interests of its clients. It is primarily supported by the scope, quality, and price of Schwab's services and not Schwab's services that benefit only Aviance.

2. Schwab Referrals

Aviance receives client referrals from Schwab through Aviance's participation in Schwab Advisor Network™ (the "Service"), designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with Aviance. Schwab does not supervise Aviance and has no responsibility for Aviance's management of clients' portfolios or Aviance's other advice or services. Aviance pays Schwab fees to receive client referrals through the Service. Aviance's participation in the Service raises conflicts of interest described below.

Aviance pays Schwab a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by Aviance is a percentage of the value of the assets in the client's account. Aviance pays Schwab the Participation Fee for so long as the referred client's account remains in custody at Schwab and under Aviance's management. The Participation Fee is billed to Aviance quarterly and may be increased, decreased, or waived by Schwab from time to time. Aviance, and not the client, pays the

Participation Fee. Aviance has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs Aviance charges clients with similar portfolios (pursuant to Aviance's standard fee schedule as in effect from time to time) who were not referred through the Service.

Aviance generally pays Schwab a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by or assets in the account are transferred from Schwab unless the client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed in custody other than at Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees Aviance generally would pay in a single year. Therefore, Aviance will have an incentive to recommend referred client accounts be held in custody at Schwab.

The Participation and Non-Schwab Custody Fees will be based on assets in accounts of Aviance's clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, Aviance will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit Aviance's fees directly from the accounts.

For accounts of Aviance's clients maintained in custody at Schwab, Schwab will not charge the client separately for custody but will receive compensation from Aviance's clients in the form of commissions or other transaction-related compensation on securities trades executed through Schwab. Schwab also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades to be executed through Schwab rather than another broker-dealer. Aviance nevertheless acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Schwab may be executed through a different broker-dealer than trades for Aviance's other clients. Thus, trades for accounts custodied at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

Aviance's Chief Compliance Officer, Jeffrey Pike, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding conflict of interest such arrangement may create.

3. Directed Brokerage

Aviance recommends its clients utilize the brokerage and custodial services provided by Schwab and Fidelity. Aviance does not generally accept directed brokerage arrangements (when a client requires account transactions be executed through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Aviance will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Aviance. Affected clients may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

If the client directs Aviance to execute securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to execute account transactions through alternative clearing arrangements that may be available through Aviance. Higher transaction costs

adversely impact account performance. Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

Aviance's Chief Compliance Officer, Jeffrey Pike, remains available to address any questions that a client or prospective client may have regarding the above arrangement.

- B. Aviance will generally execute account transactions for each client independently unless Aviance decides to purchase or sell the same securities for several clients at approximately the same time. Aviance may (but is not obligated to) combine or "bunch" such orders to seek best execution, to negotiate more favorable commission rates, or to equitably allocate differences in prices and commissions or other transaction costs among Aviance's clients, which might have been obtained if the orders were placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. Aviance will not receive any additional compensation or remuneration as a result of such aggregation.

Item 13 Review of Accounts

- A. For those clients to whom Aviance provides investment supervisory services, account reviews are conducted on a periodic basis by Aviance's representatives. All investment supervisory clients are advised that it remains their responsibility to advise Aviance of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review investment objectives and account performance with Aviance on an annual basis.
- B. Aviance may conduct account reviews on an other than periodic basis upon the occurrence of a triggering event such as a change in client investment objectives and/or financial situation, market corrections, and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Aviance may also provide a written periodic report summarizing account activity and performance.

Item 14 Client Referrals and Other Compensation

- A. As referenced in Item 12.A.1 above, Aviance may receive economic benefits from Schwab and Fidelity including support services or products without cost (and/or at a discount). Aviance's clients do not pay more for investment transactions executed and/or assets maintained at Schwab and/or Fidelity as a result of this arrangement. There is no corresponding commitment made by Aviance to Schwab, Fidelity, or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities, or other investment products as a result of the above arrangement.

Aviance also participates in the Service as referenced in Item 12.A.2 above, through which it may receive client referrals from Schwab. Please refer to Item 12.A.2 above for a complete description of the Service and the way in which Aviance addresses any conflicts of interest which may arise as a result of this arrangement.

Aviance's Chief Compliance Officer, Jeffrey Pike, remains available to address any questions that a client or prospective client may have regarding the above arrangement and the corresponding conflict of interest created by such arrangement

- B. If a client is introduced to Aviance by either an unaffiliated or an affiliated solicitor, Aviance may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940 and any corresponding state securities law requirements. Any such referral fee shall be paid solely from Aviance's investment management fee and shall not result in any additional charge to the client. If the client is introduced to Aviance by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of their solicitor relationship, and shall provide each prospective client with a copy of Aviance's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between Aviance and the solicitor including the compensation to be received by the solicitor from Aviance.

Item 15 Custody

Aviance is deemed to have custody of clients' funds and securities within the meaning of Rule 206(4)-2 under the Investment Advisers Act of 1940. A qualified custodian sends quarterly, or more frequent, account statements directly to clients who should carefully review those statements. Aviance may also provide a written periodic report summarizing account activity and performance. To the extent Aviance provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by Aviance with the account statements received from the account custodian.

Item 16 Investment Discretion

Clients can engage Aviance to provide investment advisory services on a discretionary basis. Before Aviance assumes discretionary authority over a client's account, clients are required to sign a formal agreement naming Aviance as the client's attorney and agent in fact, granting Aviance full authority to buy, sell, or otherwise execute investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage Aviance on a discretionary basis may, at any time, impose restrictions, in writing, on Aviance's discretionary authority. (i.e., limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe Aviance's use of margin, etc.).

Item 17 Voting Client Securities

Unless the client directs otherwise in writing, Aviance is responsible for voting client proxies (However, the client shall maintain exclusive responsibility for all legal proceedings or other type events pertaining to the account assets, including, but not limited to, class action lawsuits.). Aviance shall vote proxies in accordance with its Proxy Voting Policy, a copy of which is available upon request. Aviance shall monitor corporate actions of individual issuers and investment companies consistent with Aviance's fiduciary duty to vote proxies in the best interests of its clients. Although the factors which Aviance will consider when determining how it will vote differ on a case by case basis, they may, but are not limited to include: a review of recommendations from issuer

management, shareholder proposals, cost effects of such proposals, or the effect on employee, executive, or director compensation. With respect to individual issuers, Aviance may be solicited to vote on matters including corporate governance, adoption, or amendments to compensation plans (including stock options), and matters involving social issues and corporate responsibility. With respect to investment companies (e.g., mutual funds), Aviance may be solicited to vote on matters including the approval of advisory contracts, distribution plans, and mergers. Aviance shall maintain records pertaining to proxy voting as required pursuant to Rule 204-2 (c)(2) under the Advisers Act. Copies of Rules 206(4)-6 and 204-2(c)(2) are available upon written request. In addition, information pertaining to how Aviance voted on any specific proxy issue is also available upon written request. Requests should be made by contacting Aviance's Chief Compliance Officer, Jeffrey Pike.

With respect to the myAviance Program, clients are required to submit an "Issuer Communication and Release Information Form," or similarly named form, to be certain they receive proxies and corporate actions directly from the issuer of securities. While the ultimate decision about how those clients vote proxies and similar actions under the myAviance Program is their responsibility, they are encouraged to contact Aviance with any questions in that respect.

Item 18 Financial Information

- A. Aviance does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. Aviance is unaware of any financial condition reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. Aviance has not been the subject of a bankruptcy petition.

Aviance's Chief Compliance Officer, Jeffrey Pike, is available to address any questions about this ADV Part 2A Brochure and any conflicts of interest presented.