

## Milestone Asset Management

March 2023

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This *brochure* provides information about the qualifications and business practices of Milestone Asset Management (the “Adviser” or “Milestone”), an investment adviser registered with the United States Securities and Exchange Commission (the “SEC”). If you have any questions about the contents of this *brochure*, please contact us at 412-847-2040 or [info@milestoneam.com](mailto:info@milestoneam.com). This information has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any *state securities authority*.

Additional information about Milestone also is available on the SEC’s website at <https://adviserinfo.sec.gov/firm/summary/310441>

Registration with the SEC does not imply a certain level of skill or training.

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**Item 2. Material Changes**

Since our last annual amendment filing on March 18, 2022, James Pritchard has become the new Chief Compliance Officer of Milestone Asset Management and we have changed business address.

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## **Item 4. Advisory Business**

### **Advisory Business**

Milestone Asset Management is an investment adviser with its principal place of business in Pittsburgh Pennsylvania. The Adviser commenced operations as an investment adviser in February 2021 and has been registered with the SEC since 2021. Richard Todd Baker, Michael D. Ausherman, Jr., Walter West and Thomas Brian Hayes the principal owners of the Adviser.

The Adviser provides the following advisory services on a discretionary basis to its clients, which include individuals and institutions with separately managed accounts.

#### **ASSET MANAGEMENT SERVICES**

Milestone's principal service is providing fee-based investment advisory services. Milestone manages investment portfolios, according to the client's objectives. Milestone obtains data from potential clients addressing financial objectives, needs, risk tolerance, investment horizon and other pertinent information. This information is gathered and reported on an Investment Policy Statement (IPS) and Risk Profile Questionnaire and is analyzed by Milestone's IARs. Once the analysis is completed, the IAR develops an investment strategy with the potential client that addresses specific investment styles and allocation of the client's assets. Milestone may use a combination of equities, mutual funds, exchange traded funds, structured notes and options to accomplish these objectives. Milestone may partner with Sub-Advisory firms to create and manage portfolio strategies. A client's portfolio is allocated according to the client's risk profile and documented on the IPS.

In addition, Milestone offers asset management services to clients through customized individual investment accounts. In such accounts, clients may authorize Milestone to purchase and sell mutual funds, exchange traded funds, equities, fixed income securities and other securities or sub-advisers authorized by Milestone on a discretionary basis pursuant to investment objectives and strategies chosen by the client. Clients should refer to the individual mutual fund or ETF prospectus for the risks associated with each specific fund.

#### **FINANCIAL PLANNING SERVICES**

Milestone also offers comprehensive financial planning services for individuals, families and businesses. Our Financial Planning services include data gathering and analysis, along with creating a financial plan with specific recommendations and implementation advice tailored to client needs. Specific areas of advice include investment planning, insurance needs assessment and advice, retirement planning, cash flow management, debt consolidation, capital needs assessments, educational planning, estate planning, and business planning.

Fees for financial planning services will be outlined in a Financial Planning Agreement signed by both the client and IAR, and any client participating in this program will receive a copy of the Financial Plan created.

Should a client decide to implement any recommendations contained in their financial plan, the client may, but is under no obligation to, utilize Milestone or one of its IARs to implement those recommendations. Financial planning clients who wish to engage Milestone for portfolio management services will be required to enter into a separate written agreement with the firm for such services, for which Milestone will be paid a separate and additional fee based on assets under management in accordance with the fee schedule set forth under Fees and Compensation, below.

As part of the financial plan, Milestone may also recommend estate planning firms. Clients are made aware both as part of this Brochure, and the client's individual agreement, that Milestone does not provide tax or legal advice, and that it is the client's sole responsibility to find independent advice in connection with such services.

There can be no assurance that Milestone's financial planning services or any products recommended by a financial plan are at the lowest available cost. Clients are advised that potential conflicts of interest exist if Milestone recommends its own investment management services, or a third party for which Milestone will receive a referral fee. Specifically, clients should be aware that a conflict may exist between Milestone's interests and the interest of the client if the client implements the financial plan through the firm, or a recommended third party, for Milestone will receive additional payment from the client in the form of advisory fees and/or referral fees. This may act as an incentive to Milestone to make certain recommendations in the financial plan or to advise the client to instruct Milestone to implement the plan. Clients also should be aware that other advisory firms may charge lower fees for providing such services.

#### TAILORED SERVICES FOR INDIVIDUAL CLIENTS

The Adviser provides advice to client accounts based on specific investment objectives and strategies. In some instances, the Adviser may create a tailored strategy for an advisory client. For example, Clients may impose restrictions on investing in certain securities or certain types of securities.

#### ***WRAP FEE PROGRAMS***

The Adviser is neither a sponsor of or adviser to a wrap fee program.

***E. Client Assets Under Management.*** As of December 31, 2022, the Adviser had approximately \$384,400,035 in client discretionary assets under management.

## **Item 5. Fees and Compensation**

### ***Advisory Fees and Compensation.***

#### **Asset-Based Compensation**

The Adviser charges each client account an investment management fee based on the average daily balance of the client account's assets under management, in accordance with the following schedule:

#### **Internally Managed Models Annual Management Fee**

Up to \$750,000	1.50%
\$750,000 – 1,500,000	1.25%
\$1,500,000 – 3,000,000	1.00%
Additional Amounts Over \$3 million	0.75%

#### **Sub-Advised Models Annual Management Fee**

Up to \$750,000	1.75%
\$750,000 – 1,500,000	1.50%
\$1,500,000 – 3,000,000	1.25%
Additional Amounts Over \$3 million	1.00%

## **ASSET MANAGEMENT FEES**

Asset management fees cover (i) an initial analysis and periodic re-evaluation of the client's investment objectives and needs, and discretionary allocation among portfolio managers, (ii) all advisory services, including fees of portfolio managers, (iii) account statements, (iv) execution, and (v) custody.

Generally, the clearing firm will not charge commissions on trades placed by Milestone in your brokerage account. However, please note that your brokerage account may be charged a service charge by the clearing firm, as well as potential account opening, closing, or similar servicing or trading fees. Certain IRA accounts may be charged custodial or other service fees as well. If your account is invested in mutual funds, the mutual fund company may assess administrative charges against your investment in that fund. These fees are not charged by Milestone, but rather by the product sponsor, brokerage firm, or custodian firm.

All Advisory fees are negotiable between Milestone and clients. The client agrees to pay a fee monthly, in arrears, for the advisory services provided by Milestone pursuant to the Agreement signed by each client. The fee will be calculated based on the average daily balance of the account on the last day of the month, prorated to the number of days the account is funded.

Fees may be negotiated by the IAR at the sole discretion of the advisor. Asset management fees will be automatically deducted from the client account on a monthly basis by the custodian. Clients may request to terminate their advisory contract with Milestone, in whole or in part, by providing 30 days advance written notice.

## FINANCIAL PLANNING SERVICES FEES

Milestone IAR may offer comprehensive financial planning services for individuals, families, and businesses. As part of this service, the IAR will recommend Milestone strategies for advisory services. Fees relating to comprehensive financial planning are a separate charge than that of the advisory fees. **MAM charges a flat fee for financial planning services based on an hourly fee of \$200. The fee is determined by the scope of work that is agreed upon, discussed with the client. The final fee you will pay will be disclosed within the executed advisory agreement.**

No additional compensation is paid by Milestone to those IARs for recommendations and clients are under no obligation to hire Milestone based on such recommendation.

## ADDITIONAL FEE INFORMATION AND DISCLOSURES

All fees paid to Milestone for investment advisory services are separate and distinct from the fees and expenses charged by Mutual Funds, Exchange Traded Funds (ETFs), and other Investment Managers, broker/dealers and custodians retained by clients, if any. Such fees and expenses are described in each Exchange Traded Funds (ETFs), and Mutual Fund's prospectus, each Manager's Form ADV Part 2A, similar disclosure statement, and by any broker/dealer or custodian retained by a client. Mutual Fund, and Manager fees generally include a management fee, fund expenses, and related fees. If a Mutual Fund also imposes sales charges, a client may pay an initial or deferred sales charge as further described in the Fund's prospectus. Refer to the Mutual Fund prospectus for a complete description of fees and services.

ETFs pay advisory fees to their investment advisors, which reduces the net asset value of the fund. Some ETFs are Certain organized as unit investment trusts and do not have an investment advisor. However, all ETFs do incur expenses related to their management and administration that are analogous to an investment advisor's management fee. These expenses affect the value of the investment.

Furthermore, clients may incur brokerage commissions and other execution costs charged by the custodian or executing broker/dealer in connection with transactions for a client's account. Clients should further understand that all custodial fees and any other charges, fees and commissions incurred in connection with transactions for a client's account will be paid out of the assets in the account. Please refer to the Brokerage Practices section of this Brochure for additional important information about the brokerage and transactional practices of Milestone. Accordingly, the client should review both the fees charged by the product sponsor and the fees charged by Milestone to fully understand the total fees to be paid.

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

### ***Performance-Based Fees and Side-by-Side Management***

Milestone does not charge performance-based fees (i.e., fees calculated based on a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client).

Milestone employs a wide range of investment objectives and strategies for its clients. These differing objectives and strategies raise potential conflicts of interest. For example, the Adviser may buy a security for one client account while it is selling that security for another client account.

The Adviser manages multiple client accounts, including accounts with different fee arrangements. The management of multiple client accounts creates a conflict of interest because the Adviser may have an incentive to favor one client account over another. Accordingly, the Adviser has adopted and implemented policies and procedures intended to address conflicts of interest that may arise relating to the management of multiple client accounts. In particular, the Adviser reviews investment decisions for the purpose of ensuring that all accounts with substantially similar investment objectives are treated equitably. The performance of similarly managed accounts is also regularly compared to determine whether there are any unexplained significant discrepancies. In addition, the Adviser's procedures relating to the allocation of investment opportunities require that eligible client accounts with the same or substantially similar investment mandates and strategies participate in investment opportunities pro rata based on the relative value of the assets of each participating account to all participating accounts. To the extent orders are aggregated, the client orders are price-averaged and allocated in accordance with the aggregated order; provided, that the aggregated order may be allocated on a different basis for reasons including but not limited to partially filled orders and to avoid odd lots or excessively small allocations.

## **Item 7. Types of Clients**

### **Types of *Clients***

Milestone generally provides investment advice to individuals, pension and/ or profit-sharing plans, trusts, estates, charitable organizations, corporations, and other business entities. Requirements for opening an account could vary depending on the program selected, but typically minimum account size is \$25,000. Milestone may, at its discretion, accept accounts below the minimum required amount. Prior to engaging Milestone to provide any of the investment advisory services described in this Brochure, the client will be required to enter into a written agreement setting forth the terms and conditions under which the firm shall render its services.

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

### **Methods of Analysis, Investment Strategies and Risk of Loss**

#### **METHODS OF ANALYSIS**

Methods of analysis and investment strategies include charting, fundamental, tactical, cyclical and technical analysis, independent research, and asset allocation implementation strategies. Proprietary software programs may be used to identify market points where either “buy” or “sell” signals are recognized. These signals assist the managers in implementing the specified management strategies of the various managed programs. Quantitative analysis can also be used when analyzing securities. This analysis uses current and historical pricing information to help identify trends in both the domestic and foreign equity and fixed income markets. Technical indicators such as moving averages and trend lines may be further used to identify entry and exit points. Various fundamental data such as overall economic conditions, industry outlook, interest rates and political climate are also considered.

#### **INVESTMENT STRATEGIES AND RISK**

All investment strategies involve risk. There is no assurance that a positive return will be obtained in any managed investment account program. Neither Milestone IARs nor sub-advisors guarantee the performance of the account, or promise any specific level of performance, or promise that investment decisions, strategies or overall management of the account will be successful. Any investment decisions sub-advisors may make for clients are subject to various market, currency, economic, political, interest rate and business risks, will not necessarily be profitable, and are subject to investment risk, including possible loss of principal.

In choosing investment programs utilized by the firm, Milestone measures and selects strategies based on length and verifiability of track record, the fund manager's tenure and/or overall career performance, the fund management continuity, investment philosophy and process, and other factors believed to effect account performance. Milestone or the IAR may recommend, on occasion, redistributing investment allocations to diversify the portfolio in an effort to reduce risk and increase performance. The advisor may recommend buying or selling positions for reasons that include, but are not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, valuation of the position(s) in the portfolio, change in risk tolerance of client, or any risk deemed unacceptable for the client's risk tolerance.

Please see below for a list of available investment strategies available through Milestone. The strategies are divided by the type of investment methodology used, either a Tactical or Strategic Investment Approach. Then, they are further categorized as Equity Strategies, Fixed Income Strategies, Correlation Strategies, and Volatility Strategies. Please refer to the Risk Profile Questionnaire to help determine a recommended allocation amongst these categories. For a more complete description of the individual strategies, please refer to the Investment Policy Statement Part A. The minimum investment for each strategy is listed next to it below.

#### **DEFINITIONS OF INVESTMENT APPROACHES**

##### **TACTICAL APPROACH**

Tactical strategies employ a range of processes to dynamically adjust the securities and/or asset class exposure of a portfolio in an attempt to optimize the portfolio by adapting to changing market conditions. These processes may include methods such as technical analysis, fundamental analysis and quantitative analysis. Managers utilizing tactical strategies seek to build a portfolio that includes the best possible positioning at any given moment, based on the manager's proprietary skills, algorithms, research and overall investment philosophy.

##### **STRATEGIC APPROACH**

Strategic strategies typically set target or fixed asset allocations and then periodically rebalance the portfolio back to those targets as investment returns skew the original asset allocation percentages. Strategic strategies may use an actively managed approach in which the buy and sell decisions are based primarily upon fundamental analysis or they may use a passively- managed approach to security selection commonly known as indexing.

## DEFINITIONS AND RISKS OF INVESTMENT CATEGORIES

### EQUITY STRATEGIES

Equity Strategies invest primarily in equity securities (stocks) by either directly investing in shares of the stocks or through the use of mutual funds and exchange-traded funds (ETFs). Equity securities can vary based on market capitalization (size), industry, sector, and geographic location. Managers employing equity strategies typically use fundamental or technical analysis or a combination of both and commonly differentiate between growth stocks and value stocks. Equity investments are typically considered to be riskier than fixed-income (bond) investments as they historically have a higher standard deviation but have also typically provided higher returns.

### EQUITY STRATEGY RISK

The primary risk of investing in equity securities is that they may decline in value for a variety of reasons, including a broad market downturn, unfavorable developments affecting an entire industry, and specific events affecting a single company. The following is a partial list of the risks associated with investing in various types of equity securities:

- An investment in equity securities should be made with an understanding of the risks involved with owning common stocks (i.e. market risk), such as an economic recession and the possible deterioration of either the financial condition of the issuers of the equity securities (i.e. financial risk) or the general condition of the stock market.
- An investment in foreign stocks is subject to additional risks, including foreign currency fluctuations (i.e. currency or exchange- rate risk), foreign political risks, foreign withholding, possible lack of adequate financial information, and possible exchange control restrictions impacting foreign issuers. These risks may be more pronounced in emerging markets where the securities markets are substantially smaller, less liquid, less regulated and more volatile than developed foreign markets.
- An investment in small-capitalization or mid-capitalization companies may be more volatile than investments in larger, more established companies, and securities of small and mid- size companies typically have more limited trading volumes.
- A portfolio may be concentrated in a particular industry or sector which involves more risk than a broadly diversified portfolio (i.e. allocation risk).
- An investment in a particular industry or company within an industry is subject to the risk that the company will go bankrupt or perform below expectations (i.e. business risk). Every company has the business risk that the broader economy will perform poorly and therefore sales will be poor and also the risk that the market simply will not like its products.

## RISKS INVOLVED WITH TRADING ON MARGIN

Margin is the borrowing of money to purchase securities. There are a number of risks that all investors need to consider in deciding to trade securities on margin. These risks include the following:

- You can lose more funds than you deposit in the margin account. A decline in the value of securities that are purchased on margin may require you to deposit additional funds to avoid the forced sale of those securities or other securities in your account.
- The firm can force the sale of securities in your account. If the equity in your account falls below the maintenance margin requirements under regulations the firm can sell the securities in your

account to cover the margin deficiency. You will also be responsible for any short fall in the account after such a sale.

- The firm can sell your securities without contacting you.
- You are not entitled to an extension of time on a margin call. While an extension of time to meet initial margin requirements may be available to customers under certain conditions, a customer does not have a right to the extension. In addition, a customer does not have a right to an extension of time to meet a maintenance margin call
- Margin Interest –You're responsible for repaying the interest on your margin loan regardless of any changes in interest rates that occurred during the time your loan was outstanding or changes in the market value of the securities you bought on margin.

## MUTUAL FUND RISK

- Investing in other investment companies (mutual funds) is subject to risks affecting the investment company, including the possibility that the value of the underlying securities held by the investment company could decrease. Moreover, such an investment will incur its pro rata share of the expenses of the underlying investment companies' expenses. Information on a specific mutual fund risk and its policies regarding the above topics can be found in its prospectus and Statement of Additional Information. Clients are encouraged to review the prospectus before investing.

## ETF (EXCHANGE TRADED FUND) RISK

ETFs are each unique securities in their own right and are subject to additional risks that are discussed below:

- ETFs are subject to the funds' managements' abilities to manage the underlying portfolios to meet the funds' stated investment objectives.
- ETFs also may trade at a discount to their net asset value in the secondary market. The structure of an ETF is such that most ETFs' market prices tend to track the funds' respective net asset value closely, but this may not always be the case, particularly during periods of extreme market volatility.
- Most ETFs are designed to track a specified market index; however, in some cases an ETFs return may deviate from the specified index. Certain ETFs are actively managed ETFs and are subject to management risk. Furthermore, unlike open-end funds, investors are generally not able to purchase ETF shares directly from the fund sponsor nor redeem ETF shares with the fund sponsor. Rather, only specified large blocks of ETF shares called "creation units" can be purchased from, or redeemed with, the fund.
- Information on a specific ETF risk and its policies regarding the above topics can be found in its prospectus and Statement of Additional Information. Clients are encouraged to review the prospectus before investing.

## CONCENTRATION RISK

If the Index concentrates in an industry or group of industries the Fund's investments will be concentrated accordingly. In such event, the value of the Fund's Shares may rise and fall more than the value of shares of a fund that invests in securities of companies in a broader range of industries. Any fund that concentrates in a particular industry will generally be more volatile than a fund that invests more broadly.

## ENERGY SECTOR RISK

The profitability of companies in the energy sector is related to worldwide energy prices, exploration, and production spending. Such companies also are subject to risks of changes in exchange rates, government regulation, world events, depletion of resources and economic conditions, as well as market, economic and political risks of the countries where energy companies are located or do business. Oil and gas exploration and production can be significantly affected by natural disasters. Oil exploration and production companies

may be adversely affected by changes in exchange rates, interest rates, government regulation, world events, and economic conditions. Oil exploration and production companies may be at risk for environmental damage claims.

## FIXED INCOME STRATEGIES

Fixed income strategies invest primarily in debt securities (bonds) by either directly investing in the bond issuer or through the use of mutual funds and ETFs. Debt securities can vary based on issuer (e.g. corporations, governments and municipalities), coupon (interest rate) and maturity. Managers employing fixed income strategies typically do so to provide reliable income while analyzing the trade-off between the price and yield of the debt instrument, the issuer's credit quality, inflation expectations, and interest rate movements. Fixed income investments are typically considered to be less risky than equity investments as they historically have a lower standard deviation but have also typically provided lower returns.

## FIXED INCOME STRATEGY RISK

The primary risk of investing in fixed income securities is that they may decline in value for a variety of reasons, including a broad market downturn, a rising interest rate environment, unfavorable developments affecting an entire industry, and specific events affecting a single company. The following is a partial list of the risks associated with investing in various types of fixed income securities:

- All bonds are subject to various risks including higher interest rates as fixed income securities typically decline in value as interest rates rise, economic recession, possible rating downgrades by one or more rating agencies, and possible defaults of interest and/or principal payments by the issuer.
- Future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate risk). This primarily relates to fixed income securities.
- High-yield or "junk" bonds are rated below investment grade and are subject to a higher risk of rating downgrade and issuer default than investment-grade bonds, and are more affected by an economic recession. The prices of high-yield bonds tend to fluctuate more than those of investment grade bonds.
- Fixed income securities issued by foreign issuers are subject to additional risks including foreign currency fluctuations, foreign political risks, foreign tax withholding, possible lack of adequate financial information and possible exchange control restrictions. Additionally, these risks may be more pronounced in emerging markets where the securities markets are substantially smaller, less liquid, less regulated, and more volatile than developed foreign markets.
- Municipal bonds are issued by states, counties or other municipal authorities and are subject to additional risks, including deterioration in the financial condition of the municipal issuer and potential changes in tax laws affecting the tax-free status of municipal bonds.
- Mortgage-backed securities may be more sensitive to changes in interest rates than traditional fixed income securities as rising rates tend to extend the duration of such securities. In addition, mortgage-backed securities are subject to prepayment risk, since borrowers may pay off their mortgages sooner than anticipated, particularly during a period of declining interest rates. Subprime mortgage-backed securities are subject to a higher risk of rating downgrade or defaults than higher rated mortgage-backed securities.
- Senior loan securities are high-yield, floating rate corporate debt securities which are senior in a company's capital structure to unsecured debt securities. Like all high-yield securities, such securities carry a heightened risk of a rating downgrade or issuer default than investment grade securities.

## STRUCTURED NOTES RISK

A purchaser should evaluate and understand all of the risks and costs of an investment in Structured Notes (SNs) prior to making any investment decision. A purchase of an SN entails other risks not associated with

an investment in conventional bank deposits. A purchaser should carefully read the disclosure statement and any other disclosure documents for a SN before investing.

An investment in SNs is not FDIC insured and is subject to credit risk. The actual or perceived creditworthiness of the note issuer may affect the market value of SNs. As a holder of SNs, purchasers will not have voting rights or rights to receive cash dividends or other distributions or other rights in the underlying assets or components of the underlying assets. Certain built-in costs are likely to adversely affect the value of SNs prior to maturity. The price, if any, at which the notes can be purchased in secondary market transactions, if at all, will likely be lower than the original issue price and any sale prior to the maturity date could result in a substantial loss. SNs are not designed to be short-term trading instruments. Purchasers should be willing to hold any notes to maturity. The tax consequences of SNs may be uncertain. Purchasers should consult their tax adviser regarding the U.S. federal income tax consequences of an investment in SNs. If a SN is callable at the option of the issuer and the SN is called, the holder will receive only the applicable redemption amount and will not receive any coupon payments that would have been payable for the remainder of the term of the SN. SNs are Not FDIC Insured, May Lose Principal Value and are Not Bank Guaranteed.

## MULTI-ASSET STRATEGIES

Multi-Asset strategies invest in a blend of asset classes such as equities, fixed income and commodities, and do so by investing directly in the underlying security or through the use of mutual funds and ETFs. Managers employing these strategies typically analyze securities based upon their historical and anticipated correlation to one another. Some strategies have a relatively fixed asset allocation with a blend of low-correlated securities while other strategies employ an asset allocation with a blend of securities that may exhibit higher correlations that may change based on the rules of such strategy.

## MULTI-ASSET STRATEGY RISK

As the Multi-Asset Strategies can utilize an array of investment vehicles, the above risks described for equity and fixed income strategies will be present if those vehicles are used. Other vehicles possibly used within these strategies also have risks associated with them. For example, the performance of commodity-linked investments, including derivatives, may depend on the performance of the overall commodities markets and on other factors that affect the value of commodities, including weather, political, tax, and other regulatory and market developments. Commodity-linked notes may be leveraged. Commodity-linked investments may be hybrid instruments that can have substantial risk of loss with respect to both principal and interest. Commodity-linked investments may be more volatile and less liquid than the underlying commodity, instruments, or measures and are subject to the credit risks associated with the issuer, and their values may decline substantially if the issuer's creditworthiness deteriorates. As a result, returns of commodity-linked investments may deviate significantly from the return of the underlying commodity, instruments, or measures. Legal and regulatory changes also can affect the value of these investments.

## VOLATILITY STRATEGIES

Volatility strategies seek to provide appreciation through the use of Vix-linked exchange-traded products, whose prices are based primarily on the volatility expectations of the underlying investments. These strategies typically seek to provide steady growth regardless of the conditions of the market in which they invest (bull, bear or flat market).

## OPTIONS RISK

Options may be used to create implied leverage in a portfolio – meaning the account controls more shares than it could otherwise purchase with the same amount of capital. Markets can move suddenly, swiftly, and without notice; these movements can be severe in size and longevity. In a sharp downward moving market, the loss in a strategy utilizing options may accelerate quickly because of the implied leverage – it depends

on the conditions of the trade cycle. Strategies utilizing options may only be suitable for the investor who understands the risks and has the financial capacity and willingness to incur potentially substantial losses.

The value of derivatives, including options, futures and options on futures also may be adversely affected if the market for derivatives is reduced or becomes illiquid. No assurance can be given that a liquid market will exist when Milestone seeks to close out a position. Reasons for the absence of a liquid secondary market on an exchange include the following: (i) there may be insufficient trading interest in certain derivatives; (ii) restrictions may be imposed by an exchange on opening transactions or closing transactions or both; (iii) trading halts, suspensions or other restrictions may be imposed with respect to particular classes or series of derivatives; (iv) unusual or unforeseen circumstances may interrupt normal operations on an exchange; (v) the facilities of an exchange or the Options Clearing Corporation may not at all times be adequate to handle the then-current trading volume; or (vi) one or more exchanges could, for economic or other reasons, decide or be compelled at some future date to discontinue the trading of derivatives (or a particular class or series of derivatives). If trading were discontinued, the secondary market on that exchange (or in that class or series of derivatives) would cease to exist. However, outstanding options on that exchange that had been issued by the Options Clearing Corporation as a result of trades on that exchange would continue to be exercisable in accordance with their terms. Investing in derivative instruments also includes interest rate, market, credit and management risks, and the risk of mispricing or improper valuations. Changes in the value of the derivative may not correlate perfectly with the underlying asset, rate or index, and the investment could lose more than the principal amount invested.

#### CUSTOM INDIVIDUAL PORTFOLIOS

Advisors may construct custom portfolios for clients using mutual funds, exchange traded funds, equities, fixed income securities and other securities authorized by Milestone on a discretionary basis pursuant to investment objectives chosen by the client. Clients should refer to the individual mutual fund or ETF prospectus for the risks associated with each specific fund.

#### ALTERNATIVE INVESTMENT RISK

An alternative investment is an asset that is not one of the conventional investment types, such as stocks, bonds and cash. Alternative investments include private equity, hedge funds, managed futures, real estate, commodities and derivatives contracts. Most alternative assets have low liquidity compared to conventional assets. Alternative investments have experienced periods of extreme volatility and in general, are not suitable for all investors.

#### ADDITIONAL RISK STATEMENT

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment strategy. Prospective and existing clients are encouraged to consult their own financial, legal and tax professionals in connection with the selection of and investment in a particular strategy or product. In addition, due to the dynamic nature of investments and markets, strategies may be subject to additional and different risk factors not discussed herein.

Investing in securities involves a significant risk of loss. Milestone's investment recommendations are subject to various market, inflation, currency, economic, political and business risks, and such investment decisions may not always be profitable. Clients should be aware that there may be a loss or depreciation to the value of the client's account, which clients should be prepared to bear. There can be no assurance that the client's investment objectives will be obtained and no inference to the contrary should be made. Prior to entering into an agreement with Milestone, a client should carefully consider: (1) committing to management only those assets that the client believes will not be needed for current purposes and that can be invested on a long-term basis, (2) that volatility from investing in the stock market can occur, and (3) that over time the client's assets may fluctuate and at any time be worth more or less than the amount invested.

Milestone does not represent, guarantee or imply that the services or methods of analysis employed by the firm can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines.

## **Item 9. Disciplinary Information**

### **Disciplinary Information**

Firms are required to report any legal or disciplinary events that are material to a client's evaluation of our advisory business and the integrity of our management. There are no required disclosures in relation to Milestone.

Disclosure information specific to your IAR can be found on their supplemental ADV 2B.

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

### **Other Financial Industry Activities and Affiliations**

Certain IARs of Milestone are dually registered with other Investment Advisors. Additionally, some IARs of Milestone are also agents of affiliated firms such as an insurance agency, engaging in the business of selling life, health, long-term care, disability and annuity insurance products. As such, these associates may receive separate compensation in the form of commissions for the sale of insurance products.

These affiliations create an additional conflict of interest in that Milestone's IARs' obligations to these outside interests may either conflict with the advisement provided by Milestone or take up a substantial amount of their time and therefore the time spent on providing the advisory services described herein may be limited by virtue of their obligations to these interests.

Milestone has adopted policies and procedures to address the conflicts presented by these relationships. For example, as part of the firm's fiduciary duty to its clients, Milestone and its IARs will endeavor at all times to put the interest of its investment advisory clients first. Additionally, the conflicts presented by this practice are disclosed to clients at the time of entering into an advisory agreement. Please refer to the section of this brochure titled Code of Ethics and Personal Trading for additional information.

### **MATERIAL CONFLICTS OF INTEREST RELATING TO OTHER INVESTMENT ADVISERS.**

The Adviser may recommend, refer and/or selects other investment advisers to act as sub-adviser for its *clients* and receive compensation from those advisers. This arrangement creates a material conflict of interest because the Adviser has an incentive to recommend and/or select the investment advisers over other advisers in exchange for receiving an economic benefit.

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

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

In accordance with SEC Rule 204a-1 of the Investment Advisers Act of 1940, Milestone maintains and enforces a Code of Ethics. The Code requires employee, including IAR, reporting of all securities holdings and transactions may require prior pre-clearance from the firm's Chief Compliance Officer for certain securities transactions. The Code contains requirements regarding compliance with all Laws, Rules and Regulations, and it contains provisions for reporting violations of the Code to Milestone's Chief Compliance Officer. All Milestone IARs are expected to be honest and ethical, make full and accurate disclosures, remain in compliance with all applicable rules and regulations, and be accountable for what they do.

Milestone and its IARs act as fiduciaries for their clients. They have a fundamental obligation to act in the best interest of their clients and to provide investment advice in the clients' best interest. They owe their clients a duty of undivided loyalty and utmost good faith. They should not engage in any activity in conflict with the interest of any client, and they should take steps reasonably necessary to fulfill these obligations. Milestone and its IARs must employ reasonable care to avoid misleading clients and must provide full and fair disclosure of all material facts to their clients and prospective clients. Generally, facts are "material" if a reasonable investor would consider them to be important. They must eliminate, or at least disclose, all conflicts of interest that might incline them – consciously or unconsciously – to render advice that is not disinterested. If they do not avoid a conflict of interest that could impact the impartiality of their advice, they must make full and fair disclosure of the conflict. Milestone and its IARs cannot use their clients' assets for their own benefit or the benefit of other clients. Departure from this fiduciary standard may constitute "fraud" upon their clients under the Investment Advisers Act.

Milestone and/ or its IARs may at any time own or invest in the same securities as it recommends to clients. All employees and IARs of Milestone are required to submit to the firm duplicate copies of all trades and account statements for review. Milestone does not allow any IAR or employee to trade ahead of their clients. For individual securities such as stocks and bonds, any IARs or employees invested in the same models as clients are block traded where an average price is used.

To review a copy of Milestone's Code of Ethics, please make a written request to your IAR, contact Milestone at 412-643-3058, or email [info@milestoneam.com](mailto:info@milestoneam.com)

## **Item 12. Brokerage Practices**

### **Brokerage Practices**

As an investment advisory firm, Milestone has a fiduciary duty to seek best execution for client transactions. While best execution is difficult to define and challenging to measure, there is some consensus that it does not solely mean the achievement of the best price on a given transaction. Rather, it appears to be a collective consideration of factors concerning the trade in question. Such factors include the security being traded, the price of the trade, the speed of the execution, apparent conditions in the market, and the specific needs of the client. Milestone's primary objectives when placing orders for the purchase and sale of securities for client accounts is to obtain the most favorable net results taking into account such factors as 1) price, 2) size of order, 3) difficulty of execution, 4) confidentiality and 5) skill required of the broker. Milestone will recommend a broker/dealer to clients. The broker/dealer has been chosen based on the following: 1) the broker's capital depth, 2) the broker's market access, 3) the broker's transaction confirmation and account statement practices, 4) our knowledge of negotiated commission rates and spreads currently made available, 5) the nature and character of the markets for the security to be purchased or sold, 6) the desired timing of the transaction, 7) the execution, 8) clearance and settlement capabilities of the broker selected and others considered, 9) our knowledge of any actual or apparent operational problems of a broker and 10) the reasonableness of the commission or its equivalent for the specific transaction. Based on the above criteria, Milestone may not necessarily pay the lowest commission or commission equivalent as specific transactions may involve specialized services on the part of the broker. This would justify higher commissions (or their equivalent) than other transactions requiring routine services. If Milestone is directed by the client to direct trades to a specific broker/dealer other than the custodian typically used by Milestone for trade execution, it is disclosed that Milestone's ability to negotiate commissions (where applicable), obtain volume discounts, or otherwise obtain best execution may not be as favorable as might otherwise be obtained.

### **BEST EXECUTION AND SOFT DOLLAR BENEFITS**

As stated above, Milestone has full discretion to place buy and sell orders with or through such brokers or dealers as it may deem appropriate. It is the policy and practice of Milestone to strive for the best price and execution that are competitive in relation to the value of the transaction ("best execution"). In order to achieve best execution, Milestone will use its best judgment to choose the broker/dealer most capable of providing the brokerage services necessary to obtain the best overall qualitative execution.

Milestone does not currently utilize soft dollars benefits.

### **ORDER AGGREGATION AND ALLOCATION**

Milestone may combine orders into block trades when more than one account is participating in the trade. This blocking or bunching technique must be equitable and potentially advantageous for each such account. Block trading is performed when it is consistent with the duty to seek best execution and is consistent with the terms of Milestone's investment advisory agreements. Equity trades are blocked based upon fairness to client, both in the participation of their account, and in the allocation of orders for the accounts of more than one client. Allocations of all orders are performed in a timely and efficient manner. All managed accounts participating in a block execution receive the same execution price (average share price) for the securities purchased or sold in a trading day. Any portion of an order that remains unfilled at the end of a given day will be rewritten on the following day as a new order with a new daily average price to be determined at the end of the following day. Due to the low liquidity of certain securities, broker availability may be limited. Open orders are worked until they are completely filled, which may span the course of several days. If an order is filled in its entirety, securities purchased in the aggregated transaction will be allocated among the accounts participating in the trade in accordance with the allocation statement. If an order is partially filled, the securities will be allocated pro rata based on the allocation statement. Milestone may allocate trades in a different manner than indicated on the allocation statement (non-pro rata) only if all managed accounts receive fair and equitable treatment.

## TD AMERITRADE INSTITUTIONAL PROGRAM

Milestone participates in the institutional advisor program (the “Program”) offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC (“TD Ameritrade”), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Advisor receives some benefits from TD Ameritrade through its participation in the Program.

Milestone participates in TD Ameritrade’s Institutional customer program as stated above and Milestone requires clients to maintain accounts with TD Ameritrade for custody and brokerage services. There is no direct link between Milestone’s participation in the program and the investment advice it gives to its clients, although Milestone receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): duplicate client statements and confirmations; research related products, consulting services; access to a trading desk serving advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain Institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Milestone by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Milestone’s related persons, and may also pay or reimburse expenses (including travel, lodging, meals and entertainment expenses) for Milestone’s personnel to attend conferences or meetings relating to the program or to TD Ameritrade’s advisor custody and brokerage services generally. Some of the products and services made available by TD Ameritrade through the program may benefit Milestone but may not benefit its client accounts. These products or services may assist Milestone in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Milestone manage and further develop its business enterprise. The benefits received by Milestone (or its personnel) through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. Clients should be aware, however, that the receipt of economic benefits by Milestone or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Milestone’s choice of TD Ameritrade for custody and brokerage services.

## **Item 13. Review of Accounts**

### **Review of Accounts**

Milestone IARs periodically review their designated client accounts on a regular basis and no less than annually. Client accounts are reviewed for appropriateness in light of each client's investment objectives, risk tolerance and financial goals. Milestone's investment committee is responsible for the general oversight of all supervised persons, and has ultimate authority over portfolio management, fundamentals, model portfolio constituents, asset allocation and areas of potential concern.

In addition to periodic reviews, reviews may be triggered when Milestone becomes aware of a change in a client's investment objective, a change in market conditions, change of employment, re-balancing of assets to maintain proper asset allocation and any other activity that is discovered as the account is reviewed. The client is encouraged to notify Milestone or their IAR if changes occur in his/her personal financial situation that might adversely affect his/her investment plan.

The client will receive written statements no less than quarterly from the custodian. Milestone has the ability to prepare written quarterly reports reflecting current positions and valuations which may be provided to all clients for managed accounts. Third party custodians also provide monthly statements. Financial planning clients receive a written copy of their financial plan with all supporting analyses.

### **REPORTS PROVIDED TO CLIENTS**

Clients may receive a quarterly performance evaluation, a monthly activity summary statement, confirmation of all transactions as they occur, and a year-end tax summary supplemental to their account statements. All reports are provided in writing. Additional reports may be provided depending on the program and at the request of the client. All account statements are sent to the client directly from the custodian. Clients should compare any firm generated statements to custodial statements.

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

### ***Client* Referrals and Other Compensation**

#### COMPENSATION CLIENT REFERRALS.

Milestone may make or receive cash payments to or from third-parties for *client* referrals, provided that, to the extent required, each such situation involves both parties entering into a written agreement pursuant to which the solicitor will provide each prospective *client* with a copy of the Adviser's Form ADV Part 2, Form CRS and a disclosure document setting forth the terms of the solicitation arrangement, including the nature of the relationship between the parties and any fees to be paid to the solicitor. Where applicable, cash payments for *client* solicitations will be structured to comply fully with the requirements of Rule 206(4)-1 under the Investment Advisers Act of 1940, as amended and related SEC staff interpretations.

**Item 15. *Custody******Custody***

Milestone does not custody client assets and uses an independent third-party custodian to hold all client securities and assets. Clients receive monthly or quarterly statements, as well as trade confirmations, directly from the custodian. Clients should compare these statements to any other reports generated by their advisor.

In selecting custodial brokers for execution or recommendation to customers, Milestone considers the full range and quality of services, including the value of research provided, execution capability, commission rate, financial responsibility and responsiveness to Milestone in order to obtain the best execution for the client. Milestone periodically evaluates the custodial broker/dealers it selects or recommends for clients.

## **Item 16. Investment Discretion**

### **Investment Discretion**

Milestone has discretion over the selection and amount of securities to be bought or sold in client accounts without obtaining prior consent or approval from the client. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by the client and agreed to by Milestone.

Discretionary authority will only be authorized upon full disclosure to the client. The granting of such authority will be evidenced by the client's execution of an Investment Advisory Agreement. All discretionary trades made by Milestone will be in accordance with each client's investment objectives and goals.

The client gives Milestone unlimited and unrestricted discretionary authority to invest and reinvest the assets held in the investment account, including but not limited to the ability to substitute models with similar investment objectives as needed and at the client's sole risk. Milestone is not required to notify the client prior to any transaction and normally will not do so.

## **Item 17. Voting *Client* Securities**

### **Voting *Client* Securities**

Milestone will not vote proxies on behalf of our advisory accounts. At the client's request, we may offer advice regarding corporate actions and the exercise of client proxy voting rights. If a client owns shares of applicable securities, that client is responsible for exercising the right to vote as a shareholder. In most cases, the client will receive proxy materials directly from the account custodian. However, in the event Milestone were to receive any written or electronic proxy materials, Milestone would forward them directly to the client or the client's designated agent by mail, unless the client has authorized the firm to contact him/her by electronic mail, in which case, Milestone would forward any electronic solicitation to vote proxies.

For accounts subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), the plan fiduciary specifically keeps the authority and responsibility for the voting of any proxies for securities held in plan accounts. Also, Milestone cannot give any advice or take action with respect to the voting of these proxies.

**Item 18. Financial Information****Financial Information**

Milestone does not require prepayment of more than \$1,200 in fees per client six months or more in advance – as such, a Balance Sheet is not required and not attached. There is also no known financial condition that is reasonably likely to impair this firm's ability to meet contractual commitments to clients, and the firm has not been the subject of a bankruptcy proceeding. Therefore, this Item is not applicable.