

# Affinity Capital

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ADV Part 2A, Brochure  
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**This Brochure provides information about the qualifications and business practices of A. Miller Investment Advisors, L.P. d/b/a Affinity Capital (the “Registrant”). If you have any questions about the contents of this Brochure, please contact us at (713) 238-6730 or [Amiller@affinity-cap.com](mailto:Amiller@affinity-cap.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 the Registrant also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**References herein to Registrant as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.**

## Item 2 Material Changes

There have been no material changes to this Brochure since the March 17, 2020 Annual Amendment filing.

**Registrant’s Chief Compliance Officer, Ann I. Miller, remains available to address any questions that a client or prospective client may have regarding this change or any other aspect of this Brochure.**

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#### **Item 4            Advisory Business**

- A. The Registrant is a limited partnership formed on October 23, 1995 in the state of Texas. The Registrant became registered as an Investment Adviser Firm in May of 1998. The Registrant is principally owned by Ann I. Miller. Ann I. Miller is the Registrant's President. The Registrant does business under the name Affinity Capital.
- B. As discussed below, the Registrant offers investment advisory services, financial planning and consulting services, and retirement plan consulting services.

##### **INVESTMENT ADVISORY SERVICES**

The client can determine to engage the Registrant to provide discretionary and/or non-discretionary investment advisory services on a fee basis.

The client can engage the Registrant to provide discretionary and/or non-discretionary investment advisory services. Before engaging the Registrant to provide investment advisory services, clients are required to enter into an Investment Advisory Agreement with Registrant setting forth the terms and conditions of the engagement.

Before Registrant provides investment advisory services, an investment adviser representative will determine each client's investment objectives. Thereafter, the Registrant will invest or recommend that the client invest their assets consistent with their investment objectives. Once allocated, the Registrant provides periodic monitoring and review of account performance and asset allocation as compared to the client's investment objectives and will make trades or recommend to the client to make trades based on those reviews.

##### **RETIREMENT PLAN CONSULTING SERVICES**

The Registrant also provides non-discretionary pension consulting services, pursuant to which it assists sponsors of self-directed retirement plans with the selection and/or monitoring of investment alternatives (generally open-end mutual funds) from which plan participants shall choose in self-directing the investments for their individual plan retirement accounts. In addition, to the extent requested by the plan sponsor, the Registrant shall also provide participant education designed to assist participants in identifying the appropriate investment strategy for their retirement plan accounts. The terms and conditions of the engagement shall generally be set forth in a Retirement Plan Consulting Agreement between the Registrant and the plan sponsor.

## **FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**

To the extent requested by a client, Registrant may also provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, tax planning, insurance planning, etc.) on a stand-alone separate fee basis. Before engaging Registrant to provide stand-alone financial planning or consulting services, clients are required to enter into a Financial Planning and Consulting Agreement with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client before Registrant commences services. If requested by the client, Registrant may recommend the services of other professionals for implementation purposes. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Registrant.

## **MISCELLANEOUS**

**Limitations of Financial Planning and Non-Investment Consulting/Implementation Services.** To the extent requested by a client, Registrant may provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. The Registrant does not serve as a law firm, accounting firm, or insurance agency, and no portion of Registrant's services should be construed as legal, accounting, or insurance implementation services. Accordingly, Registrant does not prepare estate planning documents, tax returns or sell insurance products. To the extent requested by a client, the Registrant may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance agents, etc.), including Richard A. Miller in his separate individual capacity as a licensed insurance agent as discussed in Item 10.C. below. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant or its representatives. If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. The recommendation by Registrant's representative that a client purchase an insurance commission product through Mr. Miller in his separate and individual capacity as an insurance agent 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 insurance commission products through Mr. Miller. Clients are reminded that they may purchase insurance products recommended by Registrant or its representatives through other, non-affiliated insurance agents.

**Non-Discretionary Service Limitations.** Clients that determine to engage the Registrant on a non-discretionary investment advisory basis must be willing to accept that the Registrant cannot effect any account transactions without obtaining the client's consent. For instance, although the firm does not recommend market timing as an investment strategy, in the event of a market correction event where the firm cannot reach the client, a client may suffer investment losses or miss potential investment gains.

**Client Obligations.** Registrant will not be required to verify any information received from the client or from the client's other professionals and is expressly authorized to rely on the information in its possession. Clients are responsible for promptly notifying the Registrant if there is ever any change in their financial situation or investment objectives so that the Registrant can review, and if necessary, revise its previous recommendations or services.

**Portfolio Activity.** The Registrant reviews accounts periodically and as necessary to determine if any changes are necessary based upon various factors, which may include, but are not limited to: investment performance, fund manager tenure, style drift, account additions/withdrawals, and changes in the client's investment objectives. The Registrant may determine that changes to a client's portfolio are unnecessary. Clients are still subject to the fees described in Item 5 below, even during periods of account inactivity.

**Cash Positions.** At any time and for a substantial length of time, the Registrant may hold a significant portion of a client's assets in cash or cash equivalents. Investments in these assets may cause a client to miss upswings in the markets. Unless the Registrant expressly agrees otherwise in writing, account assets consisting of cash and cash equivalents are included in the value of an account's assets for purposes of calculating its advisory fee. A client can advise the Registrant not to maintain (or to limit the amount of) cash and cash equivalents in the client's account.

**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 the Registrant recommends that a client roll over their retirement plan assets into an account to be managed by the Registrant, such a recommendation creates a conflict of interest if the Registrant will earn a new (or increase its current) advisory fee as a result of the rollover. To the extent that Registrant recommends that clients roll over assets from their retirement plan to an IRA managed by Registrant, then Registrant represents that it and its investment adviser representatives are fiduciaries under the Employee Retirement Income Security Act of 1974 ("ERISA"), or the Internal Revenue Code, or both. No client is under any obligation to roll over retirement plan assets to an account managed by Registrant. The Registrant's Chief Compliance Officer, Ann I. Miller, remains available to address any questions that a client or prospective client may have regarding the conflict of interest presented by such a rollover recommendation.

**MoneyGuidePro Platform.** Registrant may provide its clients with access to an online platform hosted by "MoneyGuidePro" ("MoneyGuide"). The MoneyGuide platform allows a client to view their complete asset allocation, including those assets that Registrant does not manage (the "Excluded Assets"). Registrant does not provide investment management, monitoring, or implementation services for the Excluded Assets. Therefore, Registrant shall not be responsible for the investment performance of the Excluded Assets. Rather, the client and/or their advisor(s) that maintain management authority for the Excluded Assets, and not Registrant, shall be exclusively responsible for such investment performance. The client may choose to engage Registrant to manage

some or all of the Excluded Assets pursuant to the terms and conditions of an Investment Advisory Agreement between Registrant and the client.

The MoneyGuide platform may also provide access to other types of information and functions, including financial planning concepts and applications, which should not, in any manner whatsoever, be construed as services, advice, or recommendations provided by Registrant. Registrant shall not be held responsible for any adverse results a client may experience if the client engages in financial planning or other functions available on the MoneyGuide platform without Registrant's assistance or oversight.

- C. The Registrant shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, the Registrant shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on the Registrant's services.
- D. Registrant does not offer a wrap fee program for its investment advisory services.
- E. As of December 31, 2020, the Registrant had \$81,628,003 in assets under management on a discretionary basis.

**Item 5 Fees and Compensation**

- A. The client can determine to engage the Registrant to provide discretionary and/or non-discretionary investment advisory services on a fee basis.

**INVESTMENT ADVISORY SERVICES**

If a client determines to engage the Registrant to provide discretionary and/or non-discretionary investment advisory services, the Registrant's negotiable annual investment advisory fee is based on a percentage of the market value placed under the Registrant's management as follows:

<u>Market Value of Portfolio</u>	<u>% of Assets</u>
First \$250,000	1.50%
Next \$250,000	1.25%
Next \$2,500,000	1.00%
Assets exceeding \$3,000,000	0.95%

From time to time, the Registrant may also agree to provide its services to clients on a fixed, quarterly retainer basis. In doing so, the Registrant determines its fixed fee based on the complexity of the client relationship and may consider the value of the client's assets that will be directly managed by the Registrant and those held in employer sponsored retirement plan accounts where the Registrant is not authorized to execute trades. The quarterly fee will typically range from \$1,000-\$3,000 but may be more or less depending on the arrangement reached between the Registrant and the client.

### **RETIREMENT PLAN CONSULTING SERVICES**

If a client determines to engage the Registrant to provide non-discretionary pension consulting services the client must execute a Retirement Planning Consulting Agreement. The Registrant's annual retirement planning consulting fee is based on a percentage of the market value of the retirement plan's assets, the services the client has engaged the Registrant to provide and the investment objectives of the retirement plan. Due to the nature of this service, various subjective and objective factors are taken into consideration when negotiating the Registrant's annual retirement planning consulting fee, but the fee shall generally not exceed 1.50% of the retirement plan's assets.

### **FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**

Registrant may determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. Registrant's negotiable financial planning and consulting fees generally range between \$2,500 and \$7,500 on a fixed-fee basis subject to the terms and conditions of the Financial Planning and Consulting Agreement, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

- B. Clients may elect to have the Registrant's advisory fees deducted from their custodial account. Both Registrant's Investment Advisory Agreement and the custodial/ clearing agreement may authorize the custodian to debit the account for the amount of the Registrant's investment advisory fee and to directly remit that management fee to the Registrant in compliance with regulatory procedures. In the limited event that the Registrant bills the client directly, payment is due upon receipt of the Registrant's invoice. The Registrant shall deduct fees and/or bill clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, the Registrant shall generally recommend that Charles Schwab and Co., Inc. ("Schwab"), serve as the custodian/broker-dealer for client investment management assets. Broker-dealers such as Schwab charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). In addition to Registrant's investment advisory fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses). Relative to its discretionary investment management services, when beneficial to the client, individual fixed income transactions may be effected through broker-dealers other than the account custodian, in which event, the client generally will incur both the fee (commission, mark-up/mark-down) charged by the executing broker-dealer and a separate "tradeaway" and/or prime broker fee charged by the account custodian (generally, Schwab). The fees charged by the applicable broker-dealer/custodian, and the charges imposed at the fund level, are in addition to Registrant's investment advisory fees referenced in this Item 5.
- D. Registrant's annual investment advisory fee and retirement planning consulting fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter. The applicable form of agreement between the Registrant 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, the Registrant shall refund the pro-rated portion of any advanced advisory fee paid based upon the number of days remaining in the billing quarter, or will refund any unearned but prepaid compensation based upon the amount of work performed.

- E. Neither the Registrant, nor its representatives accept compensation from the sale of securities or other investment products.

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

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

## **Item 7 Types of Clients**

The Registrant's clients generally include individuals, high net worth individuals, pension and profit sharing plans, trusts, estates and charitable organizations. The Registrant generally seeks to provide investment advisory services to clients having a minimum asset level of \$250,000 designated for Registrant's management, but may make exceptions for clients who agree to an annual retainer. The Registrant, in its sole discretion, may reduce its investment advisory fee and/or reduce or waive its minimum asset preference 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. The Registrant may utilize 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 making financial forecasts)
- Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)
- Cyclical – (sector rotation and analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

The Registrant may utilize 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.** Investing in securities involves risk of loss that clients should be prepared to bear, including the loss of principal investment. Past performance may not be indicative of future results. Different types of investments 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 Registrant) will be profitable or equal any specific performance level(s). 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 that 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 that asset values may decrease and client account values could suffer a loss.

- B. The Registrant's methods of analysis and investment strategies do not present any significant or unusual risks. However, every method of analysis has its own inherent risks. To perform an accurate market analysis the Registrant must have access to current/new market information. The Registrant has no control over the dissemination rate of market information; therefore, unbeknownst to the Registrant, certain analyses may be compiled with outdated market information, severely limiting the value of the Registrant's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

The Registrant'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 higher transactional costs when compared to a longer term investment strategy.

- C. Currently, the Registrant primarily allocates client investment assets among various individual equity (stocks), debt (individual bonds and bond funds), exchange traded funds, exchange traded notes, mutual funds, and REITs (see Item 4.B. above) on a discretionary and non-discretionary basis in accordance with the client's designated investment objective(s).

**Use of REITs.** Registrant may allocate or recommend the allocation of client investment assets to publically-traded Real Estate Investment Trusts ("REITs"), which are subject to risks generally associated with investing in real estate, such as: possible declines in the value of real estate; adverse general and local economic conditions; possible lack of availability of mortgage funds; changes in interest rates; and environmental problems. In addition, REITs are subject to certain other risks related specifically to their structure and focus such as: dependency upon management skills; limited diversification; the risks of locating and managing financing for projects; heavy cash flow dependency; possible default by borrowers; the costs and potential losses of self-liquidation of one or more holdings; the possibility of failing to maintain exemptions from securities registration; and, in many cases, relatively small market capitalization, which may result in less market liquidity and greater price volatility.

**Use of Mutual Funds and Exchange Traded Funds.** While the Registrant may recommend allocating investment assets to mutual funds and exchange traded funds ("ETFs") that are not available directly to the public, the Registrant may also recommend

that clients allocate investment assets to publically-available mutual funds and ETFs that the client could obtain without engaging Registrant as an investment adviser. However, if a client or prospective client determines to allocate investment assets to publically-available mutual funds and ETFs without engaging Registrant as an investment adviser, the client or prospective client would not receive the benefit of Registrant's initial and ongoing investment advisory services.

## **Item 9            Disciplinary Information**

The Registrant has not been the subject of any disciplinary actions.

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

- A. Neither the Registrant, 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 the Registrant, 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. **Licensed Insurance Agent.** One of Registrant's Investment Adviser Representatives, Richard A. Miller, is a licensed insurance agent in a separate and individually licensed capacity. Mr. Miller may recommend the purchase of certain insurance-related products on a commission basis, and Registrant's clients may engage him to purchase such products on a commission basis.

The recommendation by Mr. Miller that a client purchase an insurance commission product 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 insurance commission products from Mr. Miller. Clients are reminded that they may purchase insurance products recommended by Mr. Miller through other, non-affiliated insurance agents. The Registrant's Chief Compliance Officer, Ann I. Miller, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.

The Registrant has no other relationship or arrangement with a related person that is material to its advisory business.

- D. The Registrant 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. The Registrant maintains an investment policy relative to personal securities transactions. This investment policy is part of Registrant's overall Code of Ethics, which serves to establish a standard of business conduct for all of Registrant'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, the Registrant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Registrant or any person associated with the Registrant.

- B. Neither the Registrant nor any related person of Registrant recommends, buys, or sells for client accounts, securities in which the Registrant or any related person of Registrant has a material financial interest.
- C. The Registrant and/or representatives of the Registrant may buy or sell securities that are also recommended to clients. This practice may create a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential 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 the Registrant 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 the Registrant’s clients) and other potentially abusive practices.

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant’s “Access Persons”. The Registrant’s securities transaction policy requires that an Access Person of the Registrant must provide the Chief Compliance Officer or a 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 a 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 the Registrant selects.

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

## **Item 12 Brokerage Practices**

- A. In the event that the client requests that the Registrant recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct the Registrant to use a specific broker-dealer/custodian), Registrant generally recommends that investment management accounts be maintained at Schwab. Prior to engaging Registrant to provide investment management services, the client will be required to enter into a formal Investment Advisory Agreement with Registrant setting forth the terms and conditions under which Registrant shall manage the client’s assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that the Registrant considers in recommending Schwab (or any other broker-dealer/custodian to clients) include historical relationship with the Registrant, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Registrant's clients shall comply with the Registrant's duty to seek best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Registrant determines, in good faith, that the commission/transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Registrant's investment advisory fee. The Registrant's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Registrant can receive from Schwab (or another broker-dealer/custodian, independent investment manager, investment platform, vendor and/or mutual fund sponsor) without cost (and/or at a discount) support services and/or products, certain of which assist the Registrant to better monitor and service client accounts maintained at such institutions. The support services that Registrant can obtain may include investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or free consulting services, discounted and/or free attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Registrant in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that may be received may assist the Registrant in managing and administering client accounts. Others do not directly provide such assistance, but rather assist the Registrant to manage and further develop its business enterprise. Registrant's clients do not pay more for investment transactions effected and/or assets maintained at Schwab as a result of this arrangement. There is no corresponding commitment made by the Registrant to Schwab 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.

**The Registrant's Chief Compliance Officer, Ann I. Miller, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

2. The Registrant does not receive referrals from broker-dealers.
3. The Registrant does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected 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 Registrant 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 Registrant. As a result, 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.

In the event that the client directs Registrant to effect 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 effect account transactions through alternative clearing arrangements that may be available through Registrant. 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.

**The Registrant’s Chief Compliance Officer, Ann I. Miller, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

- B. To the extent that the Registrant provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless the Registrant decides to purchase or sell the same securities for several clients at approximately the same time. The Registrant may (but is not obligated to) combine or “bunch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Registrant’s clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been 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. The Registrant shall not receive any additional compensation or remuneration as a result of such aggregation.

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

- A. For those clients to whom Registrant provides investment supervisory services, account reviews are conducted on an ongoing basis by the Registrant’s Principals and/or representatives. All investment supervisory clients are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with the Registrant on an annual basis.
- B. The Registrant 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. The Registrant 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, the Registrant receives economic benefits from Schwab.
- B. The Registrant does not compensate, directly or indirectly, any person, other than its representatives, for client referrals.

#### **Item 15 Custody**

The Registrant shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. 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. The Registrant may also provide a written periodic report summarizing account activity and performance.

To the extent that the Registrant provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by the Registrant with the account statements received from the account custodian. The account custodian does not verify the accuracy of the Registrant's advisory fee calculation.

#### **Item 16 Investment Discretion**

The client can determine to engage the Registrant to provide investment advisory services on a discretionary basis. Prior to the Registrant assuming discretionary authority over a client's account, the client shall be required to execute an Investment Advisory Agreement, naming the Registrant as the client's attorney and agent in fact, granting the Registrant full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name held in the discretionary account.

Clients who engage the Registrant on a discretionary basis may, at any time, impose restrictions, **in writing**, on the Registrant'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 the Registrant's use of margin, etc.).

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

- A. Unless the client directs otherwise, in writing, the Registrant 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. The Registrant shall vote proxies in accordance with its Proxy Voting Policy, a copy of which is available upon request. The Registrant shall

monitor corporate actions of individual issuers and investment companies consistent with the Registrant's fiduciary duty to vote proxies in the best interests of its clients. Although the factors which Registrant will consider when determining how it will vote differ on a case by case basis, they may, but are not limited to, include the following a review of recommendations from issuer management, shareholder proposals, cost effects of such proposals, effect on employees and executive and director compensation. With respect to individual issuers, the Registrant 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), the Registrant may be solicited to vote on matters including the approval of advisory contracts, distribution plans, and mergers. The Registrant 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 the Registrant voted on any specific proxy issue is also available upon written request. Requests should be made by contacting the Registrant's Chief Compliance Officer, Ann I. Miller.

- B. As set forth in Item 17.A., unless directed otherwise in writing, the Registrant is responsible for voting client proxies.

## **Item 18 Financial Information**

The Registrant does not solicit fees of more than \$500, per client, six months or more in advance. The Registrant is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts. The Registrant has not been the subject of a bankruptcy petition.

## **Item 19 Requirements for State Registered Investment Advisers**

- A. Ann I. Miller is the Registrant's President. For more information about the above individuals, please see the ADV Part 2B, Brochure Supplement for Ms. Miller.
- B. Registrant is not engaged in any other business than as set forth in this Brochure.
- C. Neither Registrant nor its representatives accept performance-based fees.
- D. Neither Registrant nor its representatives have been the subject of any disciplinary actions.
- E. Neither Registrant nor its representatives have any relationship or arrangement with any issuer of securities.

**ANY QUESTIONS: Registrant's Chief Compliance Officer, Ann I. Miller, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**