



## **Wealth Management & Consulting Services**

This brochure provides information about Advisory Services & Investments, LLC dba ASI Wealth Management & Consulting Services (“ASI”) qualifications and business practices. If you have any questions about the contents of this brochure, please contact us at (541) 617-0898 or via our website at [www.asiwealthmanagement.com](http://www.asiwealthmanagement.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any State Securities Authority.

Additional information about us is also available at the SEC’s website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) (select “investment adviser firm” and type in our firm name). Results will provide you both Part 1 and 2 of our Form ADV.

We are a Registered Investment Advisor Firm. Our registration does not imply any level of skill or training. The oral and written communications we provide to you, including this brochure, are for you to evaluate us. Please use this information as factors in your decision to hire us or to continue our business relationship.

---

### **ITEM 1 – COVER PAGE ADV PART 2 A**

MARCH 2020

CRD #: 108138

15 SW Colorado, Suite 280, Bend, Oregon 97702

(541) 617-0898

[www.asiwealthmanagement.com](http://www.asiwealthmanagement.com)

---

---

**ITEM 2 – MATERIAL CHANGES**

This brochure, dated March 2020 has been prepared by Advisory Services & Investments, LLC dba ASI Wealth Management & Consulting Services to meet SEC requirements. This section of the brochure will address only those “material changes” that have been incorporated since our last delivery or posting of this document on the public disclosure website (IAPD) [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

- The March 2020 brochure has not materially changed from our previous brochure offering.

---

**ITEM 3 – TABLE OF CONTENTS**

Item 1 – Cover Page ADV Part 2 A ..... 1

Item 2 – Material Changes..... 2

Item 3 – Table of Contents..... 3

Item 4 – Advisory Business ..... 4

Item 5 – Fees and Compensation ..... 5

Item 6 – Performance-Based Fees and Side-By-Side Management ..... 7

Item 7 – Types of Clients..... 7

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss..... 7

Item 9 – Disciplinary Information ..... 8

Item 10 – Other Financial Industry Activities and Affiliations ..... 8

Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading..... 8

Item 12 – Brokerage Practices ..... 9

Item 13 – Review of Accounts ..... 12

Item 14 – Client Referrals and Other Compensation ..... 12

Item 15 – Custody ..... 13

Item 16 – Investment Discretion ..... 14

Item 17 – Voting Client Securities..... 14

Item 18 – Financial Information..... 14

---

## ITEM 4 – ADVISORY BUSINESS

### 4a: Firm Description

Advisory Services & Investments, LLC dba ASI Wealth Management & Consulting Services (“ASI”) was established in February 1998 by Randy L. Miller. Our main office is located in Bend, Oregon. There are also branch locations in Medford, Oregon, Portland, Oregon and Seattle, Washington.

### 4a1: Principal Member

Randy L. Miller, Owner and Chief Compliance Officer: Mr. Miller may be contacted by email at [randy@asiwealthmanagement.com](mailto:randy@asiwealthmanagement.com) or by telephone at (541) 617-0898.

### 4b: Types of Advisory Services

#### Investment Management

ASI offers a variety of investment advisory services to our clients. We work with our clients to identify their investment goals and objectives as well as risk tolerance in order to create an initial portfolio allocation designed to complement the clients’ financial goals and objectives. We may create a portfolio, consisting of, but not limited to individual stocks or bonds, exchange traded funds, no-load funds and/or load-waived funds (front-end commissions will not be charged).

Each portfolio will be initially designed to meet a particular investment goal, which ASI has determined to be suitable to our client’s circumstances. Once the appropriate portfolio has been determined, we will review the portfolio and rebalance the account based upon our client’s individual needs, stated goals and objectives. ASI’s strategy, generally, will be to seek to meet client investment objectives while providing clients with access to personal advisory services.

#### Sponsored Retirement Plans

At ASI, we strive to deliver innovative solutions, comprehensive consulting, and business value. We help turn hope into confidence by building retirement plans that create value—and peace of mind. Whether we create or improve your plan, our expert team provides ongoing support, plus documentation that proves effectiveness and assures oversight. We don’t just stand behind you. We’re with you and your participants, every step of the way. Our advisors have access to a broad array of investment vehicles, the latest research, and fiduciary review to assist a company with its retirement plan needs. We offer objective advice on how to structure a competitive qualified retirement plan that aligns with your business goals and cost parameters.

Serving as an objective guide for plan sponsors, we help them navigate through the maze of investment options, plan design considerations, participant education, vendor resources, and more. Our services include:

- Plan Design
- Fiduciary Support
- Plan Benchmarking
- Plan Participant Education

We also offering stand-alone consulting services for a variety of retirement plan structures.

### 4c: Client Tailored Relationships and Restrictions

As a fiduciary, ASI always acts solely in your best interests. Your portfolio is customized based on your investment objectives. You may make requests or make suggestions regarding the investments made in your portfolio. Restrictions on trading which, in our opinion, are not in your best interest cannot be honored and if forced may result in the termination of our agreement.

Similarly, you are under no obligation to act upon ASI's or associated person's recommendations. If you elect to act on any of the recommendations, you are under no obligation to effect the transaction through ASI.

#### 4d: Wrap Fee Program

ASI does not sponsor nor provide portfolio management services to a wrap fee program.

#### 4e: Assets under Management (AUM)

ASI, as of December 31, 2019, has \$460,124,748 in discretionary reportable Assets under Management and \$593,439,495 in non-discretionary reportable Assets under Management for a total of \$1,053,564,243.

---

### ITEM 5 – FEES AND COMPENSATION

#### 5a: Fee Schedules

Investment Management

<b>Assets Under Management</b>	<b>Annual Fee (%)</b>
\$0 to \$5,000,000	1.00%
\$5,000,001 to \$10,000,000	0.75%
\$10,000,001 and above	Negotiable

For purposes of determining value, securities and other instruments traded on a market for which actual transaction prices are publicly reported are valued at the last reported sale price on the principal market in which they are traded. In certain circumstances, fees may be negotiable.

The fee includes the time and activities necessary to work with your attorney and/or accountant in reaching agreement on solutions. We are not responsible for attorney or account fees charged to you as a result of the above activities.

Compensation for our services will be calculated in accordance with what is set in the client's agreement. We may modify the terms of any agreement by written changes submitted to the client for signature. All Investment Advisors are required to disclose to their clients that lower fees for comparable services may be available from other sources.

#### Sponsored Retirement Plans

For Retirement Plan services the retirement plan sponsor will pay a fee based on either the market value of the Plan assets in accordance with the schedule of fees described and selected below unless otherwise agreed to by both parties. This fee schedule is negotiated and may be customized based on the facts and circumstances for each retirement plan client. Factors include: frequency of investment committee meetings, expected call volume from participants or committee members, frequency of enrollment meetings, expected interaction with third party administrators and time and travel expense. Existing legacy accounts may have a fee structure that differs from the fee structure below.

Fees will be deducted from the retirement plan's assets based on each participant's account balance in accordance with the signed plan expense account agreement. These factors will be reviewed and agreed upon prior to signing the investment advisory agreement. Plan participants will receive a quarterly statement from the plan custodian reflecting these asset based deductions in their account. In general, the base fee schedule for Retirement Plan services is as follows:

<b>Assets Under Management</b>	<b>Annual Fee (%)</b>
\$0 to \$5,000,000	1.00%
\$5,000,001 to \$10,000,000	0.75%
\$10,000,001 and above	Negotiable

In lieu of a percent of assets, there are some cases where a fixed fee may be offered instead. This fee will be tailored to the needs and features of the services provided.

## **5b: Fee Payments Options**

ASI fees are paid from your account by the custodian when we submit a report to them showing the amount of fees, the value of the client's assets on which the fees are based, and the specific manner in which the fees are calculated. If there is insufficient cash in your account to pay your fees, securities in your portfolio may be sold to pay them. In addition to our fees, there may be custodial, mutual fund or similar third party management fees and charges.

## **5c: Third Party Fees**

All mutual fund fees and other similar charges incurred in connection with transactions for the account will be paid out of the assets in the account and are in addition to the investment management fees paid to ASI. The client bears responsibility for verifying the accuracy of fee calculations.

Generally, most clients will experience additional costs when purchasing securities through ASI's custodians as follows:

- *Mutual Fund transaction fees:* One time charge to buy or sell a transaction fee mutual fund – charged by custodian.
- *Prime Broker or Trade Away fees:* One time charge to buy or sell fixed income securities through an “executing broker” to be delivered to the custodian for a client's account.
- *Managed Account Advisory fees:* Ongoing quarterly advisory fee charged by a separate account manager assigned to manage client assets.
- *Mutual Fund Operating Expense:* Ongoing management fee charged by a mutual fund deducted from client income on that mutual fund.

## **5d: Fee Payments**

ASI fees are paid quarterly in advance, with payment due within ten (10) calendar days from the date of the invoice. Our fee will be equal to the agreed upon rate per annum, times the market value of the account, divided by the number of days in the agreed upon year and multiplied by the number of days in the quarter. The market value will be construed to equal the sum of the values of all assets in the account, not adjusted by any margin debit. Fees for partial quarters at the commencement or termination of our agreement will be billed or refunded on a pro-rated basis contingent on the number of days the account was open during the quarter. Quarterly fee adjustments for additional assets received into the account during a quarter or for partial withdrawals will also be provided on the above pro rata basis.

### **5.d.1: Termination**

Either ASI or our clients can terminate our agreement upon receipt of written notice to the other party, to include written agreement to changes by the client. Additionally, the client has the right to terminate the contract without penalty within five (5) business days after entering into the contract.

When an agreement is terminated, we will refund any pre-paid, unearned fees based on the number of days remaining in the quarter after termination. Refunds will be made within thirty (30) calendar days of the effective date of termination.

When an agreement is terminated, all assets may need to be transferred from the current custodian. You will be responsible for paying all fees including full quarterly custodial administrative fees, account closure fees, mutual fund fees and all trading costs due to the termination. Custodian may assess additional fees for transfer of illiquid investments. If there is insufficient cash in the account, the liquidation of some securities may be used to pay the fees. Prior to termination of an agreement, we can provide a good-faith estimate of these fees.

## **5e: Other Investment Compensation**

ASI does not accept commission for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

---

## ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

ASI does not charge advisory fees on the performance of funds or securities in your account.

---

## ITEM 7 – TYPES OF CLIENTS

ASI generally provides asset management services to the following types of clients:

- Individuals
- High-Net-Worth Individuals
- Pension and Profit Sharing Plans
- Charitable Organizations
- Corporations

### Minimum Account Size

ASI has an account minimum of \$1,000,000.00. However, in certain conditions, we may decide to accept clients with smaller portfolios.

---

## ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

### 8a: Analysis

The recommendations proposed by ASI to our clients are founded in two main areas. First, ASI leverages the work of academia. Modern Portfolio Theory, Mean-Variance Optimization, and Risk Budgeting within the Asset Allocation Process are just a few of the portfolio construction methodologies based in academics which ASI employs. Second, we use data and research provided by some of the top providers in the investment industry, such as The Center for Fiduciary Studies, Investment Manager Consulting Association, Morningstar, Markov Processes International, Center for Research in Security Prices, Dimensional Fund Advisors, CEG International, and others.

### 8b: Investment Strategies

ASI utilizes multiple investment strategies to meet our clients' investment objectives. These methodologies are formulated based on a comprehensive review and assessment of the client's expectations, investment time horizon, risk tolerance level, present investment allocation, and current and projected financial requirements.

Ultimately, each strategy must maximize return within reasonable and prudent levels of risk. Also, the approach taken must provide exposure to a wide range of investment opportunities in various markets while limiting risk exposure through prudent diversification. Finally, the costs of administering and managing the investments related to the strategy cannot be excessive.

### 8c: Risk of Loss

All investments include a risk of loss. In addition, performance of any investment is not guaranteed. As a result, there is a risk of loss of the assets we manage that may be out of our control. We use our best efforts and expertise to manage your assets. However, we cannot guarantee any level of performance or that you will not experience financial loss.

ASI will use our best judgment and good faith efforts in rendering services to you. We cannot warrant or guarantee any particular level of account performance, or that the account will be profitable over time. Not every investment decision or recommendation made by us will be profitable. You assume all market risk involved in the investment of account assets under the Investment Advisory Agreement and understand that investment decisions made for this account are subject to various market, currency, economic, political and business risks. Except as may otherwise be provided by law, we will not be liable to you for (a) any loss that you may suffer by reason of any investment decision made or other action taken or omitted in good faith by ASI with that degree of care, skill, prudence and diligence under the circumstances that a prudent person acting in a fiduciary capacity would use; (b) any loss arising from our adherence to your instructions;

or (c) any unauthorized act or failure to act by a custodian of your account. Nothing in this document shall relieve us from any responsibility or liability we may have under state or federal statutes.

---

## **ITEM 9 – DISCIPLINARY INFORMATION**

### **9a: Civil or Criminal Actions**

On August 24, 2009, the Julian R. Zimmerman Trust and the Hazel B. Zimmerman Revocable Living Trust filed a civil complaint in the Circuit Court of the State of Oregon for the County of Deschutes, against ASI.

The complaint alleged members of ASI had provided unsuitable investment advice related to the purchase of certain real estate for investment purposes. ASI strongly disagreed with the allegations and formed a legal defense team.

On December 5, 2010, a private settlement was reached between the parties. The parties have agreed the terms of the settlement will be held in the strictest confidence. The parties further agreed the settlement shall not be construed as an admission of liability by ASI relating to the details of the dismissed civil complaint.

### **9b: Administrative Enforcement Proceedings**

ASI and its managers have never been found by the SEC, any other state or federal agency or any foreign regulatory agency to have caused loss of the ability of an investment-related business to do business or been sanctioned, barred or limited in investment-related activities.

### **9c: Self-Regulatory Organization Enforcement Proceedings**

ASI and its managers have never been found by a self-regulatory agency to have caused loss of the ability of an investment-related business to do business. Additionally, ASI and its managers have never been found in violation of self-regulatory agencies rules such that they were barred, suspended, limited in advisory functions or fined.

---

## **ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### **10a: Broker Dealers and Registered Representatives**

ASI is not registered as a broker-dealer and our employees are not registered representatives of any broker-dealer.

### **10b: Registration as a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trader**

Neither ASI nor our employees hold any of the above registrations.

### **10c: Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Neither ASI nor our employees have any relationships or possible conflicts of interest as it relates to this advisory business.

ASI will disclose any material conflict of interest relating to ASI, our representatives, or any of our employees which could reasonably be expected to impair the rendering of unbiased and objective advice.

### **10d: Selection of Other Advisors and How this Advisor is Compensated for those Selections**

ASI may select sub-advisors for client accounts. We are not paid commissions or other benefits for these selections. Clients are charged a separate fee directly by the manager, as agreed via separate contract.

---

## **ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **11a: Code of Ethics Description**

ASI has adopted a Code of Ethics that governs a number of potential conflicts of interest we have when providing our advisory services to you. This Code of Ethics is designed to ensure we meet our fiduciary obligation to you and to stress the importance of a culture of compliance within our firm.



An additional benefit of our Code of Ethics is to detect and prevent violations of securities laws, including our obligations we owe to you.

ASI's Code of Ethics is comprehensive, is distributed to each employee at the time of hire, and annually thereafter (if there are changes). We also supplement the Code of Ethics with annual training and on-going monitoring of employee activity. A complete copy of our Code of Ethics will be supplied to you, free of charge, if you request it.

ASI's Code of Ethics includes the following:

- Requirements related to the confidentiality of your personal, business and financial information
- Prohibitions on insider trading (if we are in possession of material, non-public information)
- Reporting of gifts and business entertainment
- Reporting (on an on-going and quarterly basis) all personal securities transactions (what we call "reportable securities" as mandated by regulation)
- On an annual basis, we require all employees to re-certify to our Code of Ethics, identify members of their household and any account to which they have a beneficial ownership (they "own" the account or have "authority" over the account), securities held in certificate form and all securities they own at that time

#### **11b, c & d: Participation or Interest in Client Transactions**

ASI, or its employees, may buy and sell some of the same securities for our own accounts that we buy and sell for our clients. We will always buy or sell from our clients' accounts before we buy or sell from our accounts. In some cases ASI, or its employees, may buy or sell securities for our own accounts and not for clients' accounts, as it may not meet the objectives or plans for the client.

ASI will always maintain full disclosure with our clients so that you can make informed decisions. We will always evaluate our activity from the view of our clients to ensure that any and all required disclosures are made. For example, we will disclose anything that would cause you to be unfairly influenced to make any decision regarding actions or inactions in your account.

For California Residents: ASI adheres to the California Code of Regulations, Title 10 Section 260.238 (k), (1), (2) and (o) which prohibits investment advisers from:

(k) Failing to disclose to a client in writing before entering into or renewing an advisory agreement with that client any material conflict of interest relating to the adviser, its representatives or any employees, which could be reasonably expected to impair the rendering of unbiased and objective advice including:

(1) Compensation arrangements connected with advisory services to clients which are in addition to compensation from such clients for such services; and

(2) Charging a client an advisory fee for rendering advice without disclosing that a commission for executing securities transactions pursuant to such advice will be received by the adviser, its representatives or its employees, or that such advisory fee is being reduced by the amount of the commission earned by the adviser, its representatives or employees for the sale of securities to the client.

(o) Making any untrue statement of a material fact or omitting a statement of material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading in the solicitation of advisory clients.

---

## **ITEM 12 – BROKERAGE PRACTICES**

### **12a: Selecting Brokerage Firms**

ASI ("we/our/us") does not maintain custody of your assets (although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (see Item 15 Custody, below). Your assets must be maintained in an account at a "qualified custodian"; generally a broker-dealer or bank. We recommend that our clients use Charles Schwab & Co., Inc. (Schwab), a FINRA-registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated and not affiliated with

Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that you use Schwab as custodian/broker, you will decide whether to do so and open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account, as described in the next paragraph.

#### How We Select Brokers/Custodians

We seek to select a custodian/broker who will hold your assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, these:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear and settle trades (buy and sell securities for your account)
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of investment products made available (stocks, bonds, mutual funds, exchange traded funds (ETFs), etc.)
- availability of investment research and tools that assist us in making investment decisions
- quality of services
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- reputation, financial strength and stability of the provider
- their prior service to us and our other clients
- availability of other products and services that benefit us, as discussed below (see “Products and Services Available to Us from Schwab”)

#### Your custody and Brokerage Costs

For our clients' accounts it maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you fees on trades that it executes or that settle into your Schwab account. Schwab charges you a flat dollar amount as a mutual fund “trade fee,” “prime broker,” or “trade away” fee for each trade that we have executed by Schwab or a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account.

#### Products and Services Available to Us from Schwab

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage -trading, custody, reporting and related services -many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts while others help us manage and grow our business. Schwab's support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us as long as we keep a total of at least \$10 million of our clients' assets in accounts at Schwab. If we have less than \$10 million in client assets at Schwab, it may charge us quarterly service fees of \$2,500 . Here is a more detailed description of Schwab's support services:

#### Services that Benefit You

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

### Services that May Not Directly Benefit You

Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- provide access to client account data (such as duplicate trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide pricing and other market data;
- facilitate payment of our fees from our clients' accounts; and
- assist with back-office functions, record keeping and client reporting.

### Services that Generally Benefit Only Us

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

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

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits such as occasional business entertainment of our personnel.

### Our Interest in Schwab's Services

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services so long as we keep a total of at least \$10 million of client assets in accounts at Schwab. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum may give us an incentive to recommend that you maintain your account with Schwab based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. It is primarily supported by the scope, quality and price of Schwab's services (based on the factors discussed above -see "How We Select Brokers/Custodians") and not Schwab's services that benefit only us. Additionally, we have significantly more than the minimum assets required at Schwab, additionally reducing the conflict.

### Advisor Services

Generally, in addition to a broker's ability to provide "best execution," we may also consider the value of "research" or additional brokerage products and services a broker-dealer has provided or may be willing to provide. This is known as paying for those services or products with "soft dollars." Because many of the services or products could be considered to provide a benefit to ASI, and because the "soft dollars" used to acquire them are client assets, it could be considered to be a conflict of interest in allocating client brokerage business: we could receive valuable benefits by selecting a particular broker or dealer to execute client transactions and the transaction compensation charged by that broker or dealer might not be the lowest compensation we might otherwise be able to negotiate. In addition, we could have an incentive to cause clients to engage in more securities transactions than would otherwise be optimal in order to generate brokerage compensation with which to acquire products and services.

ASI's use of soft dollars is intended to comply with the requirements of Section 28(e) of the Securities Exchange Act of 1934. Section 28(e) provides a "safe harbor" for investment managers who use commissions or transaction fees paid by their advised accounts to obtain investment research services that provide lawful and appropriate assistance to the manager in performing investment decision-making responsibilities. As required by Section 28(e), ASI will make a good faith determination that the amount of commission or other fees paid is reasonable in relation to the value of the brokerage and research services provided. That is, before placing orders with a particular broker, we generally determine, considering all the factors described above, that the compensation to be paid is reasonable in relation to the value of all the brokerage and research products and services provided.

In making this determination, we typically consider not only the particular transaction or transactions, and not only the value of brokerage and research services and products to a particular client, but also the value of those services and products in our performance of our overall responsibilities to all of our clients. In some cases, the commissions or other transaction fees charged by a particular broker-dealer for a particular transaction or set of transactions may be greater than the amounts another broker-dealer who did not provide research services or products might charge.

#### **12.b: Sales Aggregation**

Because of the nature of our individualized services, ASI does not generally aggregate (or bunch) trades when executing transactions. Bunching is generally done in order to realize more effective trade execution and the cost efficiencies that come from executing larger order sizes. Therefore, fees associated with services may be higher or lower than may be available through other financial services providers. However, ASI acknowledges our fiduciary responsibility to provide best execution as can reasonably be expected under the circumstances available. You are encouraged to discuss any questions that may arise regarding investment policies throughout the course of engagement with us.

---

### **ITEM 13 – REVIEW OF ACCOUNTS**

#### **13a: Periodic Reviews**

ASI uses an Investment Committee which consists of Steven B. Wright, Brian P. DeBels and Randy L. Miller to act as advisors for client accounts and regularly review client securities positions. The Investment Committee reviews each client portfolio as a whole at least quarterly. The operations team consisting of Susan J. Studwell and Stacy M. Horton assist the committee in the process of quarterly client asset allocation reviews and rebalancing. The frequency of reviews is determined based on the client's investment objectives, but no less than quarterly.

#### **13b: Review Triggers**

More frequent reviews are triggered by a change in your investment objectives; tax considerations; large deposits or withdrawals; large sales or purchases; loss of confidence in corporate management; or, changes in economic climate.

#### **13c: Regular Reports**

ASI generates reports of portfolio performance quarterly. ASI relies on the custodian to furnish reports of transactions and holdings to clients on a monthly basis.

---

### **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

#### **14a: Economic Benefits Provided by Third Parties for Advice Rendered to Clients**

ASI receives an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors that have their clients maintain accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12 -Brokerage Practices). The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

In addition, ASI is seeking client referrals from Schwab through participation in the Schwab Advisor Network® ("the Service"). The Service is designed to help investors find an independent investment advisor.

Schwab is a broker-dealer independent of and unaffiliated with ASI. Schwab does not supervise ASI and has no responsibility for our management of clients' portfolios or other advice or services. ASI pays Schwab fees to receive client referrals through the Service. The Advisor's participation in the Service may raise potential conflicts of interest as described below in Item 14b: Participation Fee for Client Referrals.

**14b: Participation Fee for Client Referrals**

ASI pays Schwab a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by ASI is a percentage of the fees the client owes to ASI or a percentage of the value of the assets in the client's account, subject to a minimum Participation Fee. ASI pays Schwab the Participation Fee for so long as the referred client's account remains in custody at Schwab. The Participation Fee is billed to us quarterly and may be increased, decreased or waived by Schwab from time to time. The Participation Fee is paid by ASI and not by the client. ASI has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs we charge clients with similar portfolios who were not referred through the Service.

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

**14c: Compensation to Non-Advisory Personnel for Client Referrals**

ASI does not directly or indirectly compensate any person for client referrals.

---

**ITEM 15 – CUSTODY**

Under government regulations, we are deemed to have custody of your assets if you authorize us to instruct Schwab to deduct our advisory fees directly from your account. Schwab maintains actual custody of your assets. You will receive account statements directly from Schwab on a monthly basis, with fee withdrawals shown on a quarterly basis. They will be sent to the email or postal mailing address you provided to Schwab. You should carefully review those statements promptly when you receive them. We also urge you to compare Schwab's account statements to the periodic reports you will receive from us.

ASI shall have no liability to the client for any loss or other harm to any property in the account, including any harm to any property in the account resulting from the insolvency of the custodian or any acts of the agents or employees of the custodian and whether or not the full amount or such loss is covered by the Securities Investor Protection Corporation ("SIPC") or any other insurance which may be carried by the custodian. The client understands that SIPC provides only limited protection for the loss of property held by a broker-dealer. As a fiduciary, ASI will always act in the client's best interests and in doing so, the above does not limit or modify that duty to our clients. Custodial statements will include fees charged by ASI. We strongly urge you to review the investment advisory fees contained in the custodial statement for accuracy.

**15a: ASI Accounts maintained at Schwab**

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

**15b: ASI Client Accounts not maintained at Schwab**

ASI generally pays Schwab a Non-Schwab Custody Fee if custody of a Schwab referred client's account is not maintained by, or assets in the account are transferred from Schwab. This Fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees Advisor generally would pay in a single year. (See Item 14 Client -Referral and other Compensation ) Thus, we have an incentive to recommend that client accounts be held in custody at Schwab.

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

---

**ITEM 16 – INVESTMENT DISCRETION**

ASI generally asks our clients to give us discretionary authority to execute transactions without our client's prior approval. These transactions may include the purchase and selling of securities, arranging for payments or generally acting on behalf of our clients in most matters necessary to the handling of the account.

We also work with clients who request non-discretionary authority over their accounts. Non-discretionary authority requires us to obtain your prior approval of each specific transaction prior to executing investment recommendations.

---

**ITEM 17 – VOTING CLIENT SECURITIES**

The clients of ASI retain the authority to proxy vote and will continue to do so until otherwise submitted in writing. You should ensure that proxy ballots are mailed directly to you by selecting this option on your custodial application forms. You are welcome to delegate said proxy voting authority to a third-party representative (non-advisory personnel) by filing the appropriate custodial form. In special cases where ASI has proxy voting rights assigned in writing by the client, you may request copies of our voting records or policies. If ASI has a conflict of interest in voting a particular action, we will notify the client of the conflict and allow them to assign an independent third party to vote.

---

**ITEM 18 – FINANCIAL INFORMATION****18a: Balance Sheet**

ASI does not solicit prepayment of more than \$1,200 in fees per client six (6) months in advance.

**18b: Financial Conditions**

ASI has no financial issues that could impair our ability to carry out our fiduciary duty to our clients.

**18c: Bankruptcy Petition**

ASI has not been the subject of a bankruptcy petition within the last ten (10) years.