

# **A&B ASSET MANAGEMENT SERVICES, INC.**

## **dba A&B Advisors**

### **FORM ADV, PART 2A**

### **FIRM BROCHURE**

Effective: 01/01/13

This Brochure provides information about the qualifications and business practices of A&B Asset Management Services, Inc. dba A&B Advisors (A&B). If you have any questions about the contents of the Brochure, please contact us at 919-346-1272 and/or by email at [info@anbadvisors.com](mailto:info@anbadvisors.com).

A&B is a registered investment advisor. 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. Registration of an Investment Advisor does not imply any specific level of skill or training. The oral and written communications of an Advisor provide you with information about which you determine to hire or retain an Advisor.

Additional information about A&B is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## Item 2 – Material Changes

On July 28<sup>th</sup>, 2010, the United States Securities and Exchange Commission voted unanimously to adopt amendments to Part 2 of Form ADV and related rules under the investment Advisors Act of 1940 (the “Advisers Act”). The amendments are designed to require a registered investment advisor to provide Clients with a clearly written and meaningful disclosure, in plain English, about the advisor’s business practices, conflicts of interest and advisory personnel.

A&B believes that communication and transparency are the foundation of our relationship and continually strive to provide you with complete and accurate information at all times. We encourage all current and prospective investors to read this Form Brochure and discuss any questions you may have with us. And of course, we always welcome your feedback.

Material changes this year in our brochure include properly disclosing our IRA’s (Investment Advisor Representatives) material conflict of interest in section 10 and describes generally how our representative will address conflicts that do arise. In addition, we have included updates to our billing procedures as well as our performance reporting. Moreover, we will be registering our “doing business as” name “A&B Advisors” however, we are still the same company offering the same exact services still in a family atmosphere and still owned and operated by Rodney Brown. Finally, we have taken off the bottom footer to make it easier to read brochure and kept page numbers to easily reference items with the table of contents located on page 3. Please take a moment to review each new item carefully and call our offices if you would like further explanation.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you a new Brochure as necessary based on changes or new information, at any time, without charge. You can request a copy of our brochure by calling 919-346-1272 or sending an email to [info@anbadvisors.com](mailto:info@anbadvisors.com). At any time you may view the current Firm Brochure on-line at the SEC’s Public Disclosure website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or at our website [www.anbadvisors.com](http://www.anbadvisors.com), also free of charge.

To review the firm information, go to [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), click Investment Adviser Search in the left navigation menu and enter, select the option for Investment Adviser firm and enter 114598 (our firm’s CRD number) in the field labeled “Firm IARD/CRD Number.” This will provide access to Form ADV Parts 1 and 2.

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## Item 4 – Advisory Business

### Firm Information

A&B Asset Management Services, Inc. dba A&B Advisors (A&B) is a registered investment advisor founded in 1998 by its current owner and president, Rodney Brown, a registered investment advisor representative. A&B tailors each client's account to his/her personal need by analyzing each client's total amount of wealth and where it is invested, as well as by personal interviews where the goal is to obtain information about current and future sources of income and liabilities, and each client's risk preference characteristics.

As of January 1, 2013, the total amount of client assets managed by A&B Advisors is \$4,425,000, of which \$4,425,000 is managed on a discretionary basis and \$0.00 is managed on a non-discretionary basis. These amounts were computed by using the method required by Item 5.F in Form ADV Part 1A of the firm's registration document.

### Advisory Services Offered

A&B will provide asset management services to clients on a discretionary basis only meaning we select securities and execute transactions without permission from the client prior to each transaction. The program includes the following:

- a. Investor Profile---The Company consults with the client to obtain detailed financial information and other pertinent data which will enable the Company to determine the client's financial objectives, risk tolerance and other factors that will assist the Company in determining the most appropriate investment management strategy for the client.
- b. Portfolio Management Services---The Company provides asset management of client's funds. The Company diversifies and manages the client's portfolio. Investments are determined based upon the client's investment objectives, risk tolerance, net worth, net income and other various suitability factors. Restrictions and guidelines imposed by clients may affect the composition and performance of such client's portfolios. As a result, the performance of portfolios with the same investment objective may differ and clients should not expect that the performance of their portfolios will be identical to the portfolios of other clients of the Company.
- c. Performance Evaluation and Monitoring Services---Investments in securities and mutual funds will be made through a custodian, or another brokerage house as directed by the client. Quarterly and yearly written performance reports are provided to the client from the custodian. The company reviews all reports to check for accuracy and will review with client as requested. Through the custodian, many load and no-load mutual funds may be purchased without transaction or sales charges. In order to access these services, clients will open a custodial/brokerage account with the custodian authorizing the Company to effect transactions on its behalf. Custodian offers clients the advantage, among other things, of receiving consolidated statements of account regardless of whether the mutual funds in the client's account are part of the same family.

### **Advisory Services Offered – Continued**

Clients should note that purchases of shares of mutual funds will result in additional costs to the client because mutual fund investors will bear indirectly a proportionate share of the expenses of such mutual funds, including operational costs, 12b-1 fees, investment advisory and administrative fees, and depending on the fund, deferred charges or commissions. In addition, a transaction fee is charged by custodians on transactions involving certain no (or low) load mutual funds and U.S. Treasury Securities even though these investments can be purchased directly from the issuers without the payment of transaction fees.

A&B also offers investment advice through consultations related to client portfolios in addition to any investment services. This type of service is designed for clients who seek additional advice regarding, but not limited to, certain marketplace news, events, analyst research reports, second opinions on portfolios managed by other investment advisors, portfolio analysis of investments held by their individual company retirement plan and on other complex financial instruments available in the marketplace. This service is billed as an hourly fee.

### **Item 5 – Fees and Compensation**

The specific manner in which fees are charged by A&B is established in a client's written investment advisory agreement.

In general, A&B Advisors fees are as follows:

#### Annual Fee

- 2.00% of assets under management, or
- 1.75% of assets under management, or
- 1.50% of assets under management, or
- 1.25% of assets under management.

Investment advisory fees vary depending on the type of investment advisory services provided. The fee(s) are negotiable depending on the particular requirements and circumstances of the portfolio. No fees are pre-paid or billed in advance, but rather assessed and billed in arrears on a calendar quarterly basis and are based on the net asset balance of the account on the last day of the calendar for the respective billing period. The client may grant A&B the limited authority to directly debit investment advisory fees from the client's account held by the independent custodian. The custodian of the account holds all clients' assets. A&B Advisors does not hold client's funds or securities. Accordingly, the client provides in writing, limited authorization for A&B Advisors to withdraw the fees from the account.

A&B also offers investment advice through consultations related to client portfolios in addition to any investment services. This type of service is designed for clients who seek additional advice regarding, but not limited to, certain marketplace news, events, analyst research reports, second opinions on portfolios managed by other investment advisors, portfolio analysis of investments held by their individual company retirement plan and on other complex financial instruments available in the marketplace. This service is billed as an hourly fee of \$250.00 and is pro-rated in 15 minute intervals. Proportional use of any interval shall be deemed full use of the entire interval, and therefore the fee shall be assessed according to that interval's corresponding fee on the schedule. Fees are negotiable and are assessed and billed in arrears. Because fees are not billed in advance, but rather in arrears, no refund is necessary. Time intervals and

fees are as follows: 15 minutes is \$62.50, 30 minutes is \$125.00, 45 minutes is \$187.50 and 60 minutes is \$250.00.

Investment advisory agreements are terminable at any time by either party upon 30 days written notice to the other party. A&B provides its clients with a copy of Part II of its Form ADV at least 48 hours in advance of their signing the contract. These clients acknowledge the same when they enter into A&B's standard form of investment advisory contract. However, A&B is aware of the required rule .1707 of the North Carolina Investment Advisers Act that clients who do not receive A&B's Form ADV, Part II at least 48 hours before engaging A&B must be permitted to rescind the contract without penalty.

Clients should note that purchases of shares of mutual funds will result in additional costs to the client because mutual funds investors will bear indirectly a proportionate share of the expenses of such mutual funds, including operational costs, 12b-1 fees, investment advisory and administrative fees, and depending on the fund, deferred charges or commissions. In addition a transaction fee is charged on transactions involving certain no (or low) load mutual funds and U.S. Treasury Securities even though these investments can be purchased directly from the issuers without the payment of transaction fees.

All customer assets will be held by the custodian of the account. A&B Advisors will not hold customer funds or securities. The client may authorize the custodian to pay the fees from their account. A&B will send to the client a bill showing the amount of the fee, the value of client's assets on which the fee was based, and the specific manner in which the fee was calculated. The custodian will also send to the client a statement at least quarterly, indicating all the amounts disbursed from the account including the amount of advisory fees paid to A&B Advisors.

## **Item 6 – Performance-Based Fees**

A&B Advisors does not accept performance-based fees.

## **Item 7 – Types of Clients**

A&B provides services to high net worth individuals, individuals and Corporations or other businesses, not including investment companies, pensions and profit sharing plans.

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

### **Method of Analysis**

Research and analysis is derived from numerous sources, including the internet, annual reports, prospectuses, press releases and television media.

### **Investment Strategies & Risk of Loss**

Investing in securities involves certain risks because securities may fluctuate in value or lose value. *Clients should be prepared to bear the potential risk of loss.* A&B assists Clients in determining an appropriate strategy based on their tolerance for risk and other factors. There is no guarantee that a Client will meet their investment goals. The Client must inform and update the Advisor of any changes in financial condition, goals or other factors that may affect their investment goals.

Generally, A&B will only use investment strategies that will not involve any significant or unusual risk. The risks associated with any particular strategy used are fully explained to a Client before investing. Options are used and have investment risk and are subject to market volatility and the advisor seeks to manage the risks while seeking investment returns. Each investor is different (age, time-frame, tax, risk tolerance, etc.) and each will have different situations and goals.

We spend a lot of detailed time with you so that you can understand all of the factors that are relevant to determine your proper allocation and develop your customized investment strategy.

Selections for a portfolio's assets allocation are driven by an investment's contribution to a portfolio's diversification, consistency in adhering to its specific investment objective, risks versus rewards, efficiency and costs.

### **Item 9 –Disciplinary Information**

There are no legal, regulatory or disciplinary events involving A&B Advisors or its management that would be material to a client's or perspective client's evaluation of A&B Advisors' business or the integrity of its supervised persons or management.

To review any information on our firm or any advisor you are considering using, please go to [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) which will provide you access to Form ADV Parts 1 and 2. Item 11 of the ADV Part 1 lists legal and disciplinary questions.

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

Neither A&B nor its representatives are registered, or have an application pending to be registered, as a broker/dealer or as representatives of a broker/dealer.

Neither A&B nor its representatives are registered, or have any application pending to become registered, as A FCM, CPO, or CTA. Furthermore, A&B does not have any associated persons of the foregoing entities.

*Possible Conflict of Interest:* Rodney Brown, President of A&B and an Investment Advisor Representative, Michael Hairston, Investment Advisor Representative and Stephen Nance, Investment Advisor Representative are licensed life insurance agents and hold insurance agent appointments with less than a few insurance companies. They offer life insurance and fixed annuities (no variable annuities) from these insurance companies to clients and non-clients of A&B. Each spends less than 5 hours a week devoted to insurance planning services. Insurance commissions are paid directly to them from these various insurance companies for providing this service. Clients who seek to have their insurance needs and their investment needs met by one of the investment advisor representatives from A&B, must pay for their services and fees from one service can't be used to offset fees from the other service and vice versa. A&B does not receive any referral fee or any compensation, directly or indirectly, whatsoever related to these insurance services offered by Mr. Brown, Mr. Nance or Mr. Hairston.

When Investment Advisor Representative's believe they are facing a possible conflict of interest, they will immediately talk to the Chief Compliance Officer. All activity is monitored by the firm's Chief Compliance Officer and all investment advisor representatives must obtain approval from the firm's Chief

Compliance Officer prior to the engagement of the client for such services. A list of all A&B clients who have received insurance services from our investment advisor representatives has been created and will be updated and maintained on a regular basis by the Chief Compliance Officer.

A&B will avoid certain relationships with custodians/broker-dealers (brokerage firms etc.) and investment product providers which it believes might materially hamper its independence and ability to provide unbiased advice to its clients or results in clients paying higher mutual fund management, administrative, or other product-related fees. However, in the absence of the client directing A&B to use a particular custodial/broker-dealer, A&B has the responsibility to identify a custodian/broker-dealer to use in executing trades for client accounts(s). A&B is confident that custodial/broker-dealer transaction fees, when paid, are competitive with those charged by other discount brokers.

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

SEC Rule 204A-1 of the Investment Advisors Act of 1940 requires every investment adviser registered or required to be registered under section 203 of the Act to establish, maintain and enforce a written code of ethics. A&B Advisors has adopted a Code of Ethics that sets forth the basic policies of ethical conduct for all managers, officers, and employees of the Advisor. The Code of Ethics includes provisions relating to the confidentiality of client information and insider trading, among other things. A copy of our Code of Ethics will be provided to any Client or prospective Client upon request, free of charge. To request a copy, please call 919-346-1272 or email [info@anbadvisors.com](mailto:info@anbadvisors.com). Also, our Code of Ethics will be on our website and can be viewed at [www.anbadvisors.com](http://www.anbadvisors.com).

### **Recommendations Involving Material Financial Interest**

A&B Advisors does not recommend to clients the purchase or sale of securities in which a related or supervised person of A&B Advisors has a material financial interest.

### **Investing Personal Money in the Same Securities as Clients**

From time to time A&B Advisors representatives may buy or sell securities for themselves that they also recommend to clients. A&B Advisors will always document any transactions that could be construed as conflicts of interest and will always transact client business before their own when similar securities are being bought or sold.

From time to time, representatives of A&B Advisors may buy or sell securities for themselves at or around the same time as clients. A&B Advisors will not trade non-mutual fund, non-closed-end funds, or non-ETF securities five (5) days prior to or five (5) days after trading the same security for clients.

## **Item 12 – Brokerage Practices**

A&B is not a broker and does not act like one nor is it affiliated with one broker-dealer. The Client can select the broker-dealer or custodian and authorizes A&B to direct trades to this custodian as agreed in the Investment Advisory Agreement. A&B may recommend to Clients a custodian based on services made available to the clients, location of offices, reasonable commissions charged to the Client; however, the

Client does not have to use the recommended custodian and A&B does not receive compensation as a result of recommending a particular custodian.

### **Item 13 – Review of Accounts**

Accounts are reviewed very frequently, almost on a day to day basis by Rodney Brown, investment advisor representative. Formal reviews are conducted at least annually, or at any time if requested by the Client. Each client will receive at least quarterly a written and/or oral report from A&B Advisors detailing the client's individual holdings, cost basis and account performance net of investment advisory fees. All such reports are in addition to custodial statements received by the client's broker/dealer custodian.

Accounts may be reviewed as a result of major changes in economic conditions, changes in the Client's financial situations and/or large deposits or withdrawals in the Client's account. The Client is encouraged to notify A&B if his/her personal financial situation changes. Additional reviews may take place as a result of market, political or economic events.

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

A&B is a fee-only advisor, who, is compensated solely by the Client for investment advisory services. A&B does not receive securities commissions or other compensation from product sponsors, broker-dealers or any un-related third party for securities transactions.

### **Item 15 – Custody**

A&B does not accept or maintain custody of any Client accounts. All Clients assets are placed and will be held with a qualified custodian, which may include a broker-dealer, bank or foreign financial institution. Clients can select their own custodian. Clients will receive account statements directly from the broker-dealer, bank or other qualified custodian and clients should review the statements carefully.

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

A&B has discretion over the selection and amount of securities to be bought and 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 A&B. 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 containing all applicable limitations to such authority. All discretionary trades made by A&B will be in accordance with each Client's investment objectives and goals.

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

A&B does not vote proxies.

### **Item 18 – Financial Information**

A&B does not have any adverse financial situations that would reasonably impair the ability of A&B to meet all obligations to Clients. A&B has not been subject to bankruptcy or financial compromise. Rodney

Brown has previously filed for bankruptcy due to a default judgment that was obtained by an individual who was not an A&B client at the time or ever and received the judgment due to an attorney mistake by not filing response in a timely and proper manner. Bankruptcy was discharged September 16, 2009. Mr. Brown has filed a lawsuit against the attorney and individual and the bankruptcy does not pose any type of financial compromise to any client or potential client.

## **Item 19 – Requirements for State Registered Advisors**

### **Principle Executive Officers and Management Persons; Their Formal Education and Background**

A&B Advisors has only one management person and one executive office, Rodney Brown, President of A&B Advisors. Rodney was born in 1969. He graduated in 3<sup>1/2</sup> years from Canisius College while participating on a Division 1 Athletic Scholarship in Basketball. He received a degree in Communications and Sociology in December 1991.

His love of numbers and helping others naturally led him to create A&B in 1998 and has since dedicated himself to helping others build a better future.

### **Other Business in Which This Advisor Firm or its Personnel are Engaged and Time Spent on Those**

Rodney Brown is a licensed insurance agent and spends about 5 hours a week on insurance items.

### **How Performance Based Fees are Calculated and Degree of Risk to Clients**

A&B Advisors does not charge performance based fees.