

## **PART 2 OF FORM ADV – BROCHURE**

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This brochure provides information about the qualifications and business practices of Michigan Advisors, Inc. If you have any questions about the contents of this brochure, please contact Sandra J. Rayba, our President, at (800) 403-2726, or by email at [sandra.rayba@michsecadv.com](mailto:sandra.rayba@michsecadv.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.

We are a registered investment adviser. Registration of an adviser does not imply any level of skill or training.

Additional information about Michigan Advisors, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

## **ITEM 2: MATERIAL CHANGES**

Under the Amendments to the Form ADV that was published by the SEC on July 28, 2010, Michigan Advisors, Inc. may provide you with a summary of Material Changes detailing any material changes made to our Brochure since the last annual update March 26, 2018, in lieu of sending a full copy of our Brochure to all our clients. There are no specific material changes to report at this time.

### **Additional Information**

Currently, our Brochure is available free of charge to any interested party by contacting Sandra J. Rayba at (800) 403-2726 or by email at [Sandra.rayba@michsecadv.com](mailto:Sandra.rayba@michsecadv.com).

Additional information about us is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with us who are registered, or are required to be registered, as one of our investment adviser representatives of our firm.

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## **ITEM 4: ADVISORY BUSINESS**

### **Our Owners and Principals**

We are a Michigan corporation established in 2001. We are required to disclose anyone that owns twenty-five percent (25%) or more of our firm's membership interests. The William E. Rice Estate owns eighty percent (80%) of our firm's common stock.

### **Our Advisory Services**

We offer discretionary and non-discretionary investment management services and financial planning services. Prior to engaging us to provide our services you will be required to enter into a written agreement with us setting forth the terms and conditions under which we will provide our services. Our specific services, terms of our compensation, method of payment, and other important information are explained in more detail below.

#### ***Financial Planning Services***

Upon request, we offer limited personal financial planning advice if you are one of our investment advisory clients. A financial plan is designed to help the client with all aspects of financial planning without ongoing investment management after the financial plan is completed.

The financial plan may include, but is not limited to: a net worth statement; a cash flow statement; a review of investment accounts, including reviewing asset allocation and providing repositioning recommendations; strategic tax planning; a review of retirement accounts and plans including recommendations; a review of insurance policies and recommendations for changes, if necessary; one or more retirement scenarios; estate planning review and recommendations; and education planning with funding recommendations.

If you would like us to provide financial planning services, we will enter into an agreement with you setting forth the terms and conditions of our engagement, describing the scope of our services to be provided, and our fee. Generally, our financial planning services involve preparing a financial plan or rendering a financial consultation for you based upon an analysis of the documents and information you provide us. The initial meeting, which may be by telephone, is free of charge and is considered an exploratory interview to determine the extent to which financial planning and investment management may be beneficial to you. We consult with you to discuss your goals, objectives, risk tolerance, and any special or particular circumstance unique to you.

We may recommend that you utilize various financial products, such as insurance or securities, to implement our recommendations and to obtain your financial goals. You are not obligated to follow our recommendations or to pursue the recommendations through Michigan Securities, Inc., our affiliated broker-dealer. Additional information about our affiliates may be found under **"ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND**

**AFFILIATIONS**” beginning on page 9 You will be responsible for any fees associated with the services provided by other non-affiliated professionals.

### ***Investment Management Services through MI Advisors Wrap Fee Program***

We offer investment management services through our sponsored wrap fee program, MI Advisor Wrap Fee Program, also known as the Program. We emphasize continuous personal client contact and interaction in providing discretionary and non-discretionary investment supervisory services. If you participate in the program, we charge you a specified fee which covers our advisory services and the fees for executing transactions within your account.

A complete description of the program and its fees are contained in our Part 2A Appendix, which is the Program Brochure. Our Program is managed in the same fashion as non-wrap accounts. To request a copy of the Program Brochure please contact our President, Sandra J. Rayba at (800) 403-2726 or by email at: [sandra.rayba@michsecadv.com](mailto:sandra.rayba@michsecadv.com).

### ***Investment Management Services Outside of Our Wrap Fee Program***

You are not obligated to participate in our wrap fee program to implement our investment advice. If you engage us outside of our Program, we will provide our investment advice to you but we will implement your transactions through a non-affiliated broker-dealer/custodian of your choice. You may impose reasonable restrictions or limitations on the types of investments in your account by providing us with such restrictions or limitations in writing. Under this arrangement, our fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which will be incurred by the client as explained in more detail in “**Fees for Investment Management Services Outside of Our Wrap Fee Program**” beginning on page 2.

### ***Assets Under Management***

As of December 31, 2018, we had \$26,575,964 in client assets managed on a discretionary basis and \$24,906,972 in client assets managed on a non-discretionary basis.

## **ITEM 5: FEES AND COMPENSATION**

### **Description**

We charge either fixed fees or fees based upon assets under management. We establish our fee arrangements with you in our written agreement with you. Fees are negotiable.

In our sole discretion, we may waive our minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

### ***Financial Planning Fees***

Financial plans are priced according to the degree of complexity associated with the client's situation and are invoiced at the completion of the services. The minimum fee is \$125 and is negotiable but generally, the fee is \$125 to \$300. The fee for a financial plan is predicated upon the facts known at the start of the engagement. Fees will be charged and are payable by check. Since financial planning is a discovery process, situations occur wherein the client is unaware of certain financial exposures or predicaments.

In the event that the client's situation is substantially different than disclosed at the initial meeting, a revised fee will be provided with mutual agreement. The client must approve the change of scope in advance of the additional work being performed when a fee increase is necessary.

After delivery of a financial plan, future face-to-face meetings may be scheduled as necessary for up to one month. Follow-on implementation work may be billed separately and is negotiable.

### ***Fees for Investment Management Services Outside of Our Wrap Fee Program***

We disclose your specific fee in your investment advisory agreement with us. Although we may negotiate our fee under certain circumstances, our standard discretionary fee schedule is:

1.50% of the first	\$50,000 - \$100,000
1.25% of the next	\$100,001 - \$500,000
1.10% of the next	\$500,001 - \$1,000,000
1.00% on	\$1,000,001 or greater

Our standard non-discretionary fee schedule is:

1.95% of the first	\$50,000 - \$100,000
1.85% of the next	\$100,000 - \$250,000
1.55% of the next	\$250,000 - \$500,000
1.25% of the next	\$500,000 - \$1,000,000
1.00% on	\$1,000,001 or greater

We will calculate the fee quarterly, in arrears, using the market value of the assets in the client's account(s) under our management on the last business day of the previous calendar quarter, as determined by the custodian. Investments in money market funds, demand deposit accounts, and certificates of deposit held at banks are included in the base amount on which fees are calculated. If your account is not billed on the calendar quarter, the billing period will be

determined and documented on the fee schedule of the investment advisory agreement. When agreed upon by you and your investment adviser representative, the billing period will start on the first day of the next month and end on the last day of the third month. As an example, if the fee schedule in your investment advisory agreement stated that billing begins February 1, the initial billing period would be February 1 through April 30. Thereafter, your account is billed, in arrears, for three month periods. The management fee is calculated as a percentage of the ending market value as of the closing date of the custodian statement or fair market value, in the absence of market value of the assets held in the client's account on the last month end.

### **Other Fees**

Unless you participate in a wrap fee program, our fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which will be incurred by the client. You may incur certain charges imposed by custodians and brokers. Mutual funds and exchange-traded funds (ETFs) also charge internal management fees, which are disclosed in their prospectus. We do not receive any portion of these commissions, fees and costs.

Mutual Funds and ETFs typically charge their shareholders various transactions and operating expense costs associated with the establishment and operation of the funds. These fees will generally include a management fee, shareholder servicing, other fund expenses, and sometimes a distribution fee. If the fund also imposes sales charges, you may pay an initial or deferred sales charge. These separate fees and expenses are disclosed in each fund's current prospectus, which is available from the fund or we can provide it to you upon your request.

Consequently, for any type of fund investment, it is important for you to understand that you are directly and indirectly paying two levels of advisory fees and expenses: you pay one layer of fees to the fund and you pay one layer of advisory fees and expenses to us. Generally speaking, most funds may be purchased directly, without using our services and without incurring our advisory fees.

### **Advisory Fee Off-Sets**

As described in more detail below, most of our investment adviser representatives are also broker-dealer registered representatives and many are licensed insurance agents as well, who sell variable annuities. From time to time, we may recommend that clients purchase a variable annuity. In that case, if we are paid a commission on the investment, we will not charge an asset based advisory fee on that investment. By giving you the benefit of this advisory fee off-set, we seek to mitigate the potential conflict of interest created by our receipt of these commissions.

### **Termination of Agreement**

Clients may terminate their agreement at any time by notifying us in writing and paying the rate for the time spent on the financial plan prior to notification of termination. If the client owes money they will be invoiced and billed for the period covered as usual.

Clients have the right to terminate the agreement without penalty within five (5) business days after signing the agreement. Thereafter, clients may terminate our agreement by providing five (5) business days' prior written notice and we may terminate our agreement by sending the client five (5) business days' notice. If the agreement is terminated, the client will still be liable for any transactions initiated by us in their account under the agreement prior to the termination date, such as the purchase of investments. You may also immediately terminate our agreement if you receive a notice of any proposed assignment of our agreement, as defined in our agreement.

We reserve the right to terminate any financial planning engagement where a client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate, in our judgment, to providing proper financial advice. We will prorate and bill fees for financial planning services to the termination notice date. After the termination date, we will have no further duties or obligations to the client under our financial planning agreement.

### **Direct Billing**

Generally, you authorize us in our written Investment Management Agreement with you to bill our fees to the custodian for your account, and direct your custodian to debit our fees from your account. If you provide us such authorization, at the same time we submit our request for payment to your custodian, you will be sent a notice from us, in writing, stating the exact amount of the withdrawal and the specific manner or basis on which we calculated our fee. The notice will also advise you that you have an opportunity to object to the invoiced amount and how to do so. The custodian's periodic statements will show each fee deduction from your account. You may withdraw this authorization for direct billing of these fees at any time by notifying us or your custodian in writing.

## **ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

We do not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of your assets). We do not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

## **ITEM 7: TYPES OF CLIENTS**

### **Description**

We provide services to individuals, high net worth individuals, pension and profit-sharing plans, trusts, and estates. Client relationships vary in scope and length of service.

## **Account Minimums**

We do not place restrictions on who can engage our financial planning services. A determination will be made, based on the information available to us, whether a financial planning fee is suitable in light of your unique financial situation, objectives, and goals. We require a minimum planning fee of \$125.

If we provide investment management services inside or outside of our wrap fee program, the minimum account size is \$50,000 of assets under management. We charge a minimum annual fee for investment management services of \$975. When an account falls below \$20,000 in value, the minimum annual fee of \$395 is charged. Depending upon circumstances and only when agreed upon in advance, clients may be charged an hourly fee when the client's assets have diminished significantly below \$10,000.

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

### **Methods of Analysis**

Security analysis methods may include charting, fundamental analysis, technical analysis, and cyclical analysis and sector analysis.

The main sources of information include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

Other sources of information that we may use include Morningstar Principia mutual fund information, Morningstar Principia stock information, the World Wide Web, Standard & Poor's, Moody's, and other sources determined by the investment adviser representative to be appropriate.

### **Investment Strategies**

The primary investment strategy used on client accounts is strategic asset allocation utilizing a core and satellite approach. This means that we agree on what core assets best reflect your objectives and risk tolerance and the bulk of the assets will be in assets that reflect those goals. Smaller investments may be made to take advantage of opportunities that may arise on a short term basis.

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. Each client executes an Investment Policy Statement that documents their objectives and their desired investment strategy.

Other strategies may include long-term purchases, short-term purchases, trading, short sales, and margin transactions.

**Long-Term Purchases** – The Long-Term assumption is that financial market values will increase over time (at least a year) and this may not happen. There is also the risk that the segment of the market you are invested in (or perhaps just your particular investment) will decrease over time even if overall stock market values increase. In addition, purchasing investments long-term may create an opportunity cost, “locking-up” assets that you may be better off using elsewhere.

**Short-Term Purchases and Trading** – Securities are purchased with the idea of selling them very quickly (typically within 30 days or less). This is done in an attempt to take advantage of predictions of brief price swings. The Short-Term strategy may produce higher gains however, the risk may be greater. Decision to use or not use short-term investments must be made in terms of the level of risk and the projected time frame for meeting your goals. In addition, securities held less than one year before selling it are classified, by the IRS, as a short-term capital gain and the profit is taxed as ordinary income.

**Short sales** – Short selling is the selling of a security that the seller does not own based on the assumption that the seller will be able to buy the stock at a lower amount than the price at which the seller sold short. Managers use short positions to reduce the risk of long positions purchased with money borrowed on margin. If correct and the stock price has gone down since the shares were borrowed from the original owner, the client account realizes the profit. As stock prices increase, short seller losses also increase as short sellers rush to buy the stock to cover their positions. This increase in demand, in turn, further drives the prices up, increasing losses.

**Margin transactions** – Stocks may be purchased for client portfolios with money borrowed from the broker. This allows the investor to purchase more stock than they would be able to with their available cash, and allows the purchase of stock without selling other holdings. A risk in margin trading is that, in volatile markets, securities prices can fall very quickly. If the value of the securities in your account minus what you owe the broker falls below a certain level, the broker will issue a “margin call”, and you will be required to sell your position in the security purchased on margin or add more cash to the account. In some circumstances, you may lose more money than you originally invested.

### **Risk of Loss**

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

### **ITEM 9: DISCIPLINARY INFORMATION**

As a registered investment adviser, we are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of our firm or the integrity of our management. The firm and its employees have not been involved in any material legal or disciplinary events related to past or present investment clients.

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

As a registered investment adviser, we must disclose information regarding our business activities, other than giving investment advice, our other activities in the financial industry, and any arrangements with related persons that are material to our advisory business or clients. We are also required to disclose if we receive cash or other economic benefits from a third-party in connection with advising our clients.

### ***Our Affiliated Broker-Dealer***

We are under common control and ownership, and therefore affiliated with, Michigan Securities, Inc., a FINRA member registered broker-dealer. Generally, our investment adviser representatives are registered representatives of Michigan Securities, and as such they may be able to effect limited securities transactions on your behalf.

### ***Relationships or Arrangements Material to Advisory Business***

When persons associated with us effect securities transactions as registered representatives of Michigan Securities, Michigan Securities may receive separate and customary compensation for this activity and may pay a portion of the compensation to these individuals. In some circumstances, Michigan Securities may receive customary compensation from variable annuity companies or other similar products for performing certain administrative and/or shareholder servicing related tasks associated with your investments in such securities.

When purchasing mutual funds, our investment adviser representative will first consider selecting or recommending for your account, the lowest cost mutual fund. When selecting and/or recommending a share class, our investment adviser representative will consider a variety of factors including the fund's expense ratio, the initial and anticipated account size, and other factors that may vary depending on the client. Share class selections are based upon then available information and circumstances, which may later turn out differently for many reasons beyond our control, including your changing investment objectives, financial needs, or time horizon. Receiving 12b-1 fees from mutual funds for distribution and/or shareholder servicing and revenue sharing payments pose potential conflicts of interest in our investment adviser representatives' choice of mutual funds and share class selection. To mitigate this conflict, our investment adviser representative will not receive any part of the 12b-1 fee and these fees will be refunded to the client's account. In addition, when a more expensive mutual fund is selected and/or recommended we require our investment adviser representatives to explain, in detail, why a more expensive mutual fund is more advantageous to the client's portfolio than the lower cost or no cost mutual fund. We believe this approach mitigates the incentive for our investment adviser representatives to recommend one mutual fund company or share class over another.

When clients come to us already owning mutual funds holding share classes that we would not necessarily have chosen, we may or may not recommend repositioning those holdings to obtain lower on-going expense ratios in view of tax consequences and other considerations associated with changing share classes.

We recommend Michigan Securities to our clients for brokerage services. This creates a potential conflict of interest. If you invest in the Program, we mitigate this conflict by offering our services on a wrap fee basis as you pay the same fee regardless of the number of transactions.

### ***Our Affiliated Insurance Agency***

We are under common ownership and control with Insurance Audit Agency Inc., a licensed insurance agency. Our principal executive officers are officers, managers, and/or licensed insurance agents of Insurance Audit Agency. These individuals may sell life insurance policies, fixed and variable annuities to you separate. In that event, we may recommend our affiliated insurance agency; Insurance Audit Agency receives a separate and customary compensation for the sale of insurance and may pay a portion of the compensation to the licensed insurance agent who is also our employee. This creates a potential conflict of interest because premiums on insurance policies are generally higher in the first year than investment advisory fees for the same level of assets. We mitigate this potential conflict by not requiring you to use an affiliated insurance agent, and you are free to purchase any recommended insurance products from an unaffiliated insurance agent.

### ***Investment Adviser Representatives as Licensed Insurance Agents***

The majority of our investment adviser representatives are also licensed as insurance agents with various insurance companies, and in such capacity, may recommend, on a fully-disclosed basis, the purchase of certain insurance products. A potential conflict of interest exists if they recommend you purchase insurance products where they receive insurance commissions. However, to mitigate any potential conflict of interest, we do not charge a fee on our advice in addition to any fee you pay for the insurance products. Also, we do not require you to purchase any insurance products from our investment adviser representatives, and you are free to purchase any insurance products we recommend from an unaffiliated insurance agent.

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

We have adopted a Code of Ethics (the “Code”) describing the standards of business conduct we expect all officers, directors, employees, and investment adviser representatives to follow. The Code also describes certain reporting requirements with which particular individuals associated with or employed by us must comply. We will provide a copy of the Code to any client or prospective client upon request.

Our principals and investment adviser representatives will often own the same securities recommended to our clients. Generally, these securities will be shares of open ended mutual funds or stocks and bonds actively traded on a national securities exchange or market where the time and size of their purchases or sales will not affect transactions for our clients. If we do recommend the purchase or sale of a thinly traded security to a client, we will ensure that their

transactions do not adversely affect clients nor improperly benefit our principals and investment adviser representatives, typically by completing their transactions after all client transactions have been made. Neither our firm nor our investment adviser representatives are permitted to benefit, directly or indirectly, from transactions made in your account.

Orders for clients may sometimes be aggregated or “batched” into one large order and will be fairly allocated among all participating accounts. The firm will aggregate where there is a benefit to the client.

Clients or prospective clients may request a copy of our Code by contacting Sandra J. Rayba, our President, at (800) 403-2726, or by email at [sandra.rayba@michsecadv.com](mailto:sandra.rayba@michsecadv.com).

## **ITEM 12: BROKERAGE PRACTICES**

### **Selecting Brokerage Firms**

We generally recommend our affiliated broker dealer for clients in our wrap fee program. Using affiliated firms makes management of accounts easier for the investment adviser representative as well as the supervisor of the account. This arrangement creates a potential conflict of interest, because our fee includes fees that our affiliate, Michigan Securities, is entitled to receive with respect to the placing trades on behalf of our clients participating in our wrap fee program. Thus, because Michigan Securities is our affiliate and because we absorb all of the transaction costs, we have a financial incentive to infrequently trade our wrap fee program client accounts because infrequent trades will increase our net fee. To mitigate this potential conflict of interest in our wrap fee program, we have implemented policies and procedures to review accounts in the program regularly for inactivity or infrequent trading. In addition, prior to your participation in our wrap fee program, we will determine if a wrap fee is suitable for you.

### **Client Directed Brokerage**

If you do not participate in our wrap fee program, you may direct us to utilize a specified broker-dealer, of your choosing upon our approval, to effect transactions for or with your account. In that case, you must provide access to the account, account statements and pay fees and commissions generated at your broker-dealer/custodian. You are responsible for the paperwork required to maintain the account as well as communications required with that firm. We do not receive any portion of the transaction fees or commissions paid by the client to the custodian on these trades. Subject to our duty of best execution, we may decline your request to direct brokerage if, in our sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

If you choose to direct your brokerage, you should understand that, in the case of such a directed brokerage arrangement:

- you will be solely responsible for negotiating the terms and arrangements on which those brokers and dealers are engaged, and we will have no responsibility for reviewing the fairness of those terms and arrangements;
- we will not seek better execution services or prices from other brokers and dealers in connection with transactions for your account;
- we will not be able to “batch” or “aggregate” transactions for your account with transactions for our other clients not subject to a similar such arrangement;
- we will not monitor the performance of or the services provided by the brokers and dealers so designated; and
- you 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.

### **Best Execution**

We review the execution of trades at each custodian each quarter. The review is documented in the Policies and Procedures Manual and provided in a transaction report received by Michigan Securities Inc.’s clearing corporation. Trading fees charged by the custodians is also reviewed on a quarterly basis. Michigan Advisors, Inc. does not receive any portion of the trading fees.

### **Soft Dollars**

We do not have any soft dollar arrangements with any broker dealers, nor do our affiliates, Michigan Securities, Inc. or Insurance Audit Agency Inc.

### **Order Aggregation**

Most trades are mutual funds or ETFs where trade aggregation does not garner any client benefit. The firm will aggregate where there is a benefit.

## **ITEM 13: REVIEW OF ACCOUNTS**

### **Periodic Reviews**

Account reviews are performed at least quarterly by the investment adviser representative. Account reviews are performed more frequently when market conditions dictate. Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client’s own situation.

## **Regular Reports**

If we provide you financial planning services on an on-going basis, you will receive periodic communications, on at least an annual basis, from us.

Additional details regarding how we review accounts in the MI Advisors Wrap Fee Program are provided in our Program Brochure.

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

We have been fortunate to receive many client referrals over the years. The referrals came from current clients, estate planning attorneys, accountants, employees, personal friends of employees and other similar sources. The firm does not compensate referring parties for these referrals. We do not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

We are required to disclose if we receive an economic benefit from a third party, who is not a client, for providing investment advice or other advisory services to our clients. We do not receive any such benefits.

### **ITEM 15: CUSTODY**

As described in “FEES AND COMPENSATION” beginning on page 2, you may authorize us to send our invoice to and direct your custodian to debit our fees from your accounts. If you provide us with this authorization, we are deemed to have constructive custody of your account. All assets are held at a qualified custodian, which means the custodian provides account statements directly to clients at their address of record at least quarterly. We urge you to carefully review such statements and compare such official custodial records to the performance report statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

### **ITEM 16: INVESTMENT DISCRETION**

We generally receive discretionary authority in writing from clients at the outset of an advisory relationship in the investment management agreement. If you choose to do so, discretionary authority grants us the ability to determine, without obtaining your specific consent, the securities to be bought or sold for your portfolio and the amount of securities to be bought or sold. You may impose reasonable restrictions or limitations on the types of investments in your account by providing us with such restrictions or limitations in writing. The client may open a non-discretionary account where the investment adviser representative will call for your approval prior to entering into buy or sell transactions.

The client approves the custodian to be used and if invested outside of our wrap fee program, the commission rates paid to the broker-dealer/custodian. We do not receive any

portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

Also, you may sign an agreement with your custodian who generally includes a limited power of attorney granting us authority to direct and implement the investment and reinvestment of your assets within the account, but not direct the assets outside of the account. Discretionary trading authority facilitates placing trades in your accounts on your behalf so that we may promptly implement the investment policy that you have approved.

### **ITEM 17: VOTING CLIENT SECURITIES**

As a matter of firm policy and practice, we will not be responsible for responding to proxies that are solicited with respect to annual or special meetings of shareholders of securities held in a client's account. Proxy solicitation materials will be forwarded to the client for response and voting by their custodian.

When assistance on voting proxies is requested, we will provide recommendations to the Client. If a conflict of interest exists, it will be disclosed to the Client.

### **ITEM 18: FINANCIAL INFORMATION**

As a registered investment adviser, we are required to provide clients with certain financial information or disclosures about our financial condition if we have financial commitments that impair our ability to meet contractual and fiduciary commitments to our clients. We have not been the subject of a bankruptcy proceeding and do not have any financial commitments that would impair our ability to meet any contractual or fiduciary commitments to our clients.

### **ITEM 19: REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

As described in further detail in our Part 2B of Form ADV, also called our Brochure Supplement, Jeffrey L. Davis, Richard B Price, James J. Lynch, Christopher T. Bokmuller, Roger K. Brinks, Daniel J. McWilliams, Jonathan J. Meldrum, and Cara Gardner are investment adviser representatives.

### **BUSINESS CONTINUITY PLAN**

#### **General**

We have a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people.

## **Disasters**

The Business Continuity Plan covers natural disasters such as snow storms, hurricanes, tornados, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, T-1 communications line outage, Internet outage, railway accident and aircraft accident. Electronic files are backed up daily and archived offsite by our affiliated broker-dealer, Michigan Securities, Inc.'s clearing corporation and locally by Carbonite.

## **Alternate Offices**

Alternate offices are identified to support ongoing operations in the event the main office is unavailable. It is our intention to contact all clients within five days of a disaster that dictates moving our office to an alternate location. The alternate offices have emergency generators. The firm will monitor the email address of [michigan.advisors@michsecadv.com](mailto:michigan.advisors@michsecadv.com) and be available at (800) 403-2726.

## **INFORMATION SECURITY PROGRAM**

### **Information Security**

We maintain an information security program to reduce the risk that your personal and confidential information may be breached.

### **Privacy Notice**

We are committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us.

The categories of nonpublic information that we collect from you may include information about your personal finances, information about your health to the extent that it is needed for the financial planning process, information about transactions between you and third parties, and information from consumer reporting agencies, e.g., credit reports. We use this information to help you meet your personal financial goals.

With your permission, we disclose limited information to attorneys, accountants, and mortgage lenders with whom you have established a relationship. You may opt out from our sharing information with these nonaffiliated third parties by notifying us at any time by telephone, mail, fax, email, or in person. With your permission, we share a limited amount of information about you with your brokerage firm in order to execute securities transactions on your behalf.

We maintain a secure office to ensure that your information is not placed at unreasonable risk. We employ a firewall barrier, secure data encryption techniques and authentication procedures in our computer environment.

We do not provide your personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our Firm records and your personal records as permitted by law.

Personally identifiable information about you will be maintained while you are a client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

We will notify you in advance if our privacy policy is expected to change. We are required by law to deliver this Privacy Notice to you, in writing, before or at the time you engage us for services and thereafter, annually if there has been a change in our privacy policies or we share nonpublic personal information with outside parties for marketing purposes.

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