



*This brochure provides information about the qualifications and business practices of AKM Advisory, LLC. If you have any questions about the contents of this brochure, please contact us at (651) 329-9169 or by email at: [patrick@akmadvisory.com](mailto:patrick@akmadvisory.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.*

*Additional information about AKM Advisory, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). AKM Advisory, LLC's CRD number is: 170187.*

## **AKM Advisory, LLC**

**Form ADV Part 2A**

5200 Willson Road, Suite 150  
Edina, MN, 55424  
(651) 329-9169  
[www.akmadvisory.com](http://www.akmadvisory.com)  
[patrick@akmadvisory.com](mailto:patrick@akmadvisory.com)  
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*Registration does not imply a certain level of skill or training.*

## **Item 2: Material Changes**

There are no material changes to announce.

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## Item 4: Advisory Business

### *Business Description*

Our advisory firm is a registered investment adviser in MN. We provide investment advisory services to individuals and high-net-worth individuals concerning various securities, including mutual funds, fixed income securities, equities, ETFs and non-U.S. securities. As a registered investment adviser, we are held to the highest standard of client care – a fiduciary standard. As a fiduciary, we always put our client’s interests first and must fully disclose any potential conflict of interest. We do not directly hold customer funds or securities and all transactions are sent to our qualified custodian which executes, compares, allocates, clears and settles them. Our custodian also maintains our clients’ accounts and grants clients access to them. We enter trades on a discretionary basis.

### **A. Description of the Advisory Firm**

AKM Advisory, LLC (hereinafter “AKM Advisory”) is a Limited Liability Company organized in the State of Minnesota. The firm was formed in March 2014, and the owners are Adam K. Mans and Patrick A. Foley.

### **B. Types of Advisory Services**

#### *Portfolio Management Services*

AKM Advisory offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. AKM Advisory creates an Investment Policy Statement for each client, which outlines the client’s current situation (income, tax levels, and risk tolerance levels) and then constructs a plan to aid in the selection of a portfolio that matches each client's specific situation. Portfolio management services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Risk tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

AKM Advisory evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. AKM Advisory will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

AKM Advisory seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its accounts and without consideration of AKM Advisory’s economic, investment or other financial interests. To meet its fiduciary obligations, AKM

Advisory avoids, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and accordingly, AKM Advisory's policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another over time. It is AKM Advisory's policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent among its clients on a fair and equitable basis over time.

### ***Services Limited to Specific Types of Investments***

AKM Advisory generally limits its investment advice to mutual funds, fixed income securities, including a significant allocation to municipal bonds, equities, ETFs and non-U.S. securities, although AKM Advisory primarily recommends ETFs and mutual funds to a majority of its clients. AKM Advisory may use other securities as well to help diversify a portfolio when applicable.

### **C. Client Tailored Services and Client Imposed Restrictions**

AKM Advisory will tailor a program for each individual client. This will include an interview session to get to know the client's specific needs and requirements as well as a plan that will be executed by AKM Advisory on behalf of the client. AKM Advisory may use "model portfolios" together with a specific set of recommendations for each client based on their personal restrictions, needs, and targets. Clients may not impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs.

### **D. Wrap Fee Programs**

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and other administrative fees. AKM Advisory does not participate in any wrap fee programs.

### **E. Assets Under Management**

AKM Advisory has the following assets under management:

<b>Discretionary Amounts:</b>	<b>Non-discretionary Amounts:</b>	<b>Date Calculated:</b>
\$52,182,659	0	December 31, 2022

## **Item 5: Fees and Compensation**

### **A. Fee Schedule**

#### ***Asset-Based Fees for Portfolio Management***

Total Assets Under Management	Annual Fee
\$0 - \$1,000,000	1.00%
\$1,000,001 - \$1,500,000	0.75%
Above \$1,500,000	0.50%

These fees may be negotiable under certain circumstances and the final fee schedule is attached as Exhibit II of the Investment Advisory Contract. Clients may terminate the agreement without penalty for a full refund of AKM Advisory's fees within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract generally with 30 days' written notice.

AKM Advisory uses an average of the daily balance in the client's account throughout the billing period for purposes of determining the market value of the assets upon which the advisory fee is based.

## **B. Payment of Fees**

### *Payment of Asset-Based Portfolio Management Fees*

Asset-based portfolio management fees are withdrawn directly from the client's accounts with client's written authorization. Fees are paid quarterly in arrears.

## **C. Client Responsibility For Third Party Fees**

Clients are responsible for the payment of all third party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by AKM Advisory. Please see Item 12 of this brochure regarding broker-dealer/custodian.

## **D. Prepayment of Fees**

AKM Advisory collects its fees in arrears. It does not collect fees in advance.

## **E. Outside Compensation For the Sale of Securities to Clients**

AKM Advisory does not accept any compensation 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**



AKM Advisory does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **Item 7: Types of Clients**

AKM Advisory generally provides advisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals

### ***Minimum Account Size for Portfolio Management***

There is a relationship minimum of \$500,000, which may be waived by AKM Advisory in its discretion.

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

### **A. Methods of Analysis and Investment Strategies**

#### ***Methods of Analysis***

AKM Advisory's methods of analysis include modern portfolio theory.

**Modern portfolio theory** is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various asset.

#### ***Investment Strategies***

AKM Advisory uses long term trading.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### **B. Material Risks Involved**

#### ***Methods of Analysis***

**Modern Portfolio Theory** assumes that investors are risk adverse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more

risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

### ***Investment Strategies***

**Long term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### **C. Risks of Specific Securities Utilized**

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond “fixed income” nature (lower risk) or stock “equity” nature (mentioned below).

**Equity** investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

**Fixed income** investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

**Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance.

**Non-U.S. securities** present certain risks such as currency fluctuation, political and economic change, social unrest, changes in government regulation, differences in accounting and the lesser degree of accurate public information available.

**Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

### **C. Self-regulatory Organization (SRO) Proceedings**

There are no self-regulatory organization proceedings to report.

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither AKM Advisory nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither AKM Advisory nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Neither AKM Advisory nor its representatives have any material relationships to this advisory business that would present a possible conflict of interest.

#### **D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections**

AKM Advisory does not utilize nor select third-party investment advisers. All assets are managed by AKM Advisory management.

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

#### **A. Code of Ethics**

AKM Advisory has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. AKM Advisory's Code of Ethics is available free upon request to any client or prospective client.

#### **B. Recommendations Involving Material Financial Interests**

AKM Advisory does not recommend that clients buy or sell any security in which a related person to AKM Advisory or AKM Advisory has a material financial interest.

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

As part of its Code of Ethics, AKM Advisory has implemented a process to ensure that neither the adviser nor its representatives will trade in securities that AKM Advisory also recommends to clients in any way that disadvantages clients.

#### **D. Trading Securities At/Around the Same Time as Clients' Securities**

Please see Item 11.C above.

### **Item 12: Brokerage Practices**

#### **A. Factors Used to Select Custodians and/or Broker/Dealers**

Custodians/broker-dealers will be recommended based on AKM Advisory's duty to seek "best execution," which is the obligation to seek execution of securities transactions for a

client on the most favorable terms for the client under the circumstances. Clients will not necessarily pay the lowest commission or commission equivalent, and AKM Advisory may also consider the market expertise and research access provided by the broker-dealer/custodian, including but not limited to access to written research, oral communication with analysts, admittance to research conferences and other resources provided by the brokers that may aid in AKM Advisory's research efforts. AKM Advisory will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian.

AKM Advisory recommends Schwab Advisor Services, a division of Charles Schwab & Co., Inc.

### ***1. Research and Other Soft-Dollar Benefits***

While AKM Advisory has no formal soft dollars program in which soft dollars are used to pay for third party services, AKM Advisory may receive research, products, or other services from custodians and broker-dealers in connection with client securities transactions ("soft dollar benefits"). AKM Advisory may enter into soft-dollar arrangements consistent with (and not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended. There can be no assurance that any particular client will benefit from soft dollar research, whether or not the client's transactions paid for it, and AKM Advisory does not seek to allocate benefits to client accounts proportionate to any soft dollar credits generated by the accounts. AKM Advisory benefits by not having to produce or pay for the research, products or services, and AKM Advisory will have an incentive to recommend a broker-dealer based on receiving research or services. Clients should be aware that AKM Advisory's acceptance of soft dollar benefits may result in higher commissions charged to the client.

### ***2. Brokerage for Client Referrals***

AKM Advisory receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

### ***3. Clients Directing Which Broker/Dealer/Custodian to Use***

AKM Advisory will require clients to use a specific broker-dealer to execute transactions.

## **B. Aggregating (Block) Trading for Multiple Client Accounts**

If AKM Advisory buys or sells the same securities on behalf of more than one client, then it may (but would be under no obligation to) aggregate or bunch such securities in a single transaction for multiple clients in order to seek more favorable prices, lower brokerage commissions, or more efficient execution. In such case, AKM Advisory would place an aggregate order with the broker on behalf of all such clients in order to ensure fairness for all clients; provided, however, that trades would be reviewed

periodically to ensure that accounts are not systematically disadvantaged by this policy. AKM Advisory would determine the appropriate number of shares and select the appropriate brokers consistent with its duty to seek best execution, except for those accounts with specific brokerage direction (if any).

## **Item 13: Reviews of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

All client portfolio management accounts are reviewed at least quarterly by Adam K. Mans or Patrick A. Foley with regard to clients' respective investment policies and risk tolerance levels. All accounts at AKM Advisory are assigned to these reviewers.

### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

### **C. Content and Frequency of Regular Reports Provided to Clients**

Each client will receive a quarterly report detailing the client's account, including assets held, asset value, and payment of fees. This written report will come from the custodian. AKM Advisory will also provide at least quarterly a separate written statement to the client.

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

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

AKM Advisory does not receive any economic benefit, directly or indirectly from any third party for advice rendered to AKM Advisory's clients.

### **B. Compensation to Non – Advisory Personnel for Client Referrals**

AKM Advisory does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

## **Item 15: Custody**

When advisory fees are deducted directly from client accounts at client's custodian, AKM Advisory will be deemed to have limited custody of client's assets and must have written authorization from the client to do so. Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

## **Item 16: Investment Discretion**

AKM Advisory provides discretionary investment advisory services to clients. The Investment Advisory Contract established with each client sets forth the discretionary authority for trading. Where investment discretion has been granted, AKM Advisory generally manages the client's account and makes investment decisions without consultation with the client as to when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, what securities to buy or sell, or the price per share. In some instances, AKM Advisory's discretionary authority in making these determinations may be limited by conditions imposed by a client (in investment guidelines or objectives, or client instructions otherwise provided to AKM Advisory).

## **Item 17: Voting Client Securities (Proxy Voting)**

AKM Advisory will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 18: Financial Information**

### **A. Balance Sheet**

AKM Advisory neither requires nor solicits prepayment of more than \$500 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither AKM Advisory nor its management has any financial condition that is likely to reasonably impair AKM Advisory's ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

AKM Advisory has not been the subject of a bankruptcy petition in the last ten years.

## **Item 19: Requirements For State Registered Advisers**

### **A. Principal Executive Officers and Management Persons; Their Formal Education and Business Background**

AKM Advisory has two management officers: Adam K. Mans and Patrick A. Foley. Education and business background can be found on the Form ADV Part 2B brochure supplement.

### **B. Other Businesses in Which This Advisory Firm or its Personnel are Engaged and Time Spent on Those (If Any)**

Other business activities for each relevant individual can be found on the Form ADV Part 2B brochure supplement for each such individual.

### **C. How Performance-based Fees are Calculated and Degree of Risk to Clients**

AKM Advisory does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

### **D. Material Disciplinary Disclosures for Management Persons of this Firm**

There are no civil, self-regulatory organization, or arbitration proceedings to report under this section.

### **E. Material Relationships That Management Persons Have With Issuers of Securities (If Any)**

There are no material relationships that management persons have with any issuers of securities. See Items 10.C and 11.B.