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## **Item 1: Firm Brochure**

(ADV Part 2A)

This Brochure provides information about the qualifications and business practices of AmeriTrust Capital Management, Ltd. 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. If you have any questions about the contents of this brochure, please contact us at (805) 688-1001 or [mark@ameritrust.us](mailto:mark@ameritrust.us).

AmeriTrust Capital Management, Ltd. is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Advisor.

Additional information about AmeriTrust Capital Management, Ltd. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Our CRD Number is 106378. The SEC's web site also provides information about any persons affiliated with AmeriTrust Capital Management, Ltd. who are registered, or are required to be registered, as investment adviser representatives of AmeriTrust Capital Management, Ltd.

February 28, 2019

## Item 2: Material Changes

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### Material Changes since Last Update

#### Assets Under Management (AUM)

*As of December 31, 2018, our total assets under management were approximately \$78.23 million. Approximately \$64.65 million is managed on a discretionary basis and \$13.58 million on a non-discretionary basis*

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#### Full Brochure Available

Our Brochure will also be available on our web site at [www.ameritrust.us](http://www.ameritrust.us), free of charge.

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## Item 4: Advisory Business

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### Company Background

AmeriTrust Capital Management, Ltd. (“AmeriTrust”) was incorporated in 1998 as the successor to American Telesis Group which was established in 1994. Prior to starting American Telesis Group, Mark Kavaloski had been employed by banks and trust departments for seventeen years and provided insights on the administration of trusts, IRAs, and the cash flows necessary to support individuals in their retirement years.

AmeriTrust operates as a fee-only investment counselor dedicated to serving our clients without conflicts of interest. We do not receive commissions or fees based on a client’s purchase of any financial products.

Assets under our management are held at independent third-party custodians in the client’s name. AmeriTrust does not act as a custodian for a client’s assets, although we are considered to technically have “custody” since we typically debit our management fees directly from a client’s account.

Mark J. Kavaloski, President, CEO & Chief Compliance Officer is the principal partner who originally established the business and currently manages the larger portion of assets under management. John G. Grellck IV became a partner in 2008 after ten years of employment with the firm. John works as a consultant and representative for the firm.

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### Primary Business

Our primary business is the review, recommendation, and trading of client portfolios as directed by each client's Investment Objective Instructions, which define the diversification and allocation of asset classes within each account as well as income requirements. All assets are custodied at one of three trust departments or four brokerage firms as agreed upon by the client. A small percentage of our business is derived from hourly compensation for specific projects regarding the evaluation of securities, other assets, and other financial inquiries.

When possible, we evaluate a client's trust, tax, and expressed financial goals as a means of customizing their portfolios to objectives specific to their situations. Each account is reviewed by Mark on a monthly, bi-monthly, quarterly, semi-annually, or as necessary basis with consideration and selections based upon each account's Investment Objective Instructions, year-to-date capital gains or losses as compared to the prior year tax loss carry forwards, and our universe of 200 stocks and a selection of closed-end funds, exchange traded funds (ETFs) and mutual funds. Clients may specify restrictions on the sale or purchase of select securities or investment types. These restrictions can be specified as requiring the client's approval prior to sale or be general in scope for issues such as religion, ecology or nationality. The actual amounts to be purchased or sold and whether a given security is purchased or sold for a client is based upon each specific portfolio. Ad hoc purchases or sales of securities may occur based

upon events affecting a given security that will necessitate the manager's selection of which accounts trades will be placed with consideration to each account's investment objective. (Example: Adverse financial disclosures requires sale).

Once the account is reviewed and the recommendation is approved by the client (if required per Agreement), the selected transactions are administered by the Portfolio Traders as directed by Mark Kavaloski on a daily basis.

An Account Synoptic is prepared and maintained for each new client outlining background information. Each client is advised that it is their responsibility to promptly notify AmeriTrust when there is any material change in their financial situation or financial objectives.

AmeriTrust does not sponsor or participate in wrap fee programs.

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## **Pension Consulting**

We provide pension consulting services to employer plan sponsors on an ongoing basis. Generally, our pension consulting services consist of assisting employer plan sponsors in establishing, monitoring and reviewing their company's participant-directed retirement plan. As the needs of the plan sponsor dictate, areas of advising could include: investment options, plan structure and participant education.

All pension consulting services shall be in compliance with the applicable state law(s) regulating pension consulting services. This applies to client accounts that are pension or other employee benefit plans ("Plan") governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). If the client accounts are part of a Plan, and we accept appointments to provide our services to such accounts, we acknowledge that we are a fiduciary within the meaning of Section 3(21) of ERISA (but only with respect to the provision of services described in section 1 of the Pension Consulting Agreement).

We will provide non-discretionary investment advice to you with respect to the selection of a qualified default investment alternative ("QDIA") for participants who are automatically enrolled in the Plan or who otherwise fail to make an investment election. Client (i.e. Plan sponsor, Trustee, etc.) shall have the final decision making authority regarding the selection of the QDIA and retains the sole responsibility to provide all notices to participants required under ERISA Section 404(c)(5).

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## **Assets Under Management (AUM)**

*As of December 31, 2018, our total assets under management were approximately \$78.23 million. Approximately \$64.65 million is managed on a discretionary basis and \$13.58 million on a non-discretionary basis*

## Item 5: Fees and Compensation

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### Description

AmeriTrust bases its fees on a percentage of Assets under Management. A small percentage of our business is derived from hourly compensation for specific projects. All fees are negotiable and lower fees for comparable services may be available from other sources. Our current fee schedule is listed below:

First \$2 Million of Assets	1.0% of Market Value (MV)
Next \$3 Million	0.6% of MV
Over \$5 Million	0.3% of MV
Minimum Annual Fee:	\$3,600
Extraordinary Services:	\$300 per hour or negotiated fixed price

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### Fee Billing

The specific manner in which fees are charged by AmeriTrust is established in the client's Investment Management Agreement and Consulting Agreement where applicable. AmeriTrust will bill on a monthly or quarterly trailing basis and they are based upon the audited valuation of a client's account on the first day of each month, plus those amounts added during the month for which the account was reviewed by AmeriTrust. The minimum proration is for a one-month period and does not include withdrawals made after the first of each month. Clients may elect to be billed directly for fees or to authorize AmeriTrust to directly debit fees from their accounts. Any unpaid fees will become due and payable from the account or by billing after the termination of an account. The Management Fee Invoice will be mailed to all clients by the first day of each month.

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### Other Fees

AmeriTrust's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, and other third parties such as fees charged by managers, custodial fees, deferred sales charges (caused by prior brokers), odd-lot differentials, transfer fees, wire transfers or electronic fund fees, and other fees and taxes from brokerage accounts and securities transactions. In the event the client has selected a trust department to custody his/her assets, they should review the respective fee schedule to understand the additional costs associated with these arrangements. Trust departments will typically charge fees based upon assets under management on a laddered schedule, plus transaction costs for settling trades. Mutual funds and ETFs also charge internal management fees, which are disclosed in a fund's prospectus.

AmeriTrust does not receive any portion of these commissions, fees, and costs.

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### **Consulting Services Fees**

AmeriTrust may charge extraordinary fees for performing any specific projects requested by a client such as evaluation of particular securities, other assets, and other financial inquiries. AmeriTrust will have a client sign a separate consulting services agreement with these requests which will be in addition to the scheduled investment management fee. Our standard rate for these extraordinary fees is \$300 per hour or by a negotiated fixed price. The client will be billed according to the amount of time spent to perform the requested service. We will typically add the additional fee to the monthly or quarterly billing. If the client chooses to include a non-security related asset in AUM, we will provide a breakdown of the total fee from our investment management services and the total fee from our consulting (non-security related) services on a quarterly basis.

As a fee only investment advisor, AmeriTrust does not accept compensation for the sale of securities or investment products.

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### **Pension Consulting**

Our firm's fees range from 0.25% to 1.0% of the assets under management and are paid in arrears as of the last day of each calendar quarter (annual minimum fee may result in higher fee rate). Clients may have this fee automatically calculated by the custodian and paid by the plan or have our firm calculate and bill the client directly. Ultimately, total estimated fee, as well as the ultimate fee that we charge you, is based on the scope and complexity of our engagement with you.

In accordance with Department of Labor regulations under Section 408(b)(2) of ERISA, we are required to provide certain information regarding our services and compensation to assist fiduciaries and plan sponsors of those retirement plans that are subject to the requirements of ERISA in assessing the reasonableness of their plan's contracts or arrangements with us, including the reasonableness of our compensation. This information (the services we provide as well as the fees) is provided to you at the outset of your relationship with us and is set forth in your advisory contract with us (including the fee table, other exhibits and, as applicable, this document), and then at least annually to the extent that there are changes.

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

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### **Description**

AmeriTrust does not charge any performance-based fees; such policies often present conflicts of interest to the client. Performance-based compensation may create an incentive for the advisor to recommend investments that may carry a higher degree of risk to the client.

## Item 7: Types of Clients

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### Description

AmeriTrust provides portfolio management services to individuals, high net worth individuals, corporate accounts, corporate pensions and profit-sharing plans, IRAs and trusts. We recommend a minimum initial account size of \$400,000 as our standard minimum annual account fee is \$3,600.

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

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### Methods of Analysis

AmeriTrust primarily focuses on fundamental analysis for individual security analysis, but may apply some technical analysis in its research process. We utilize a variety of sources of information which include, but are not limited to, Value Line, S&P reports, Morningstar reports, Thomson Reuters stock reports, Argus reports, The Street Ratings reports, financial newspapers and magazines, third-party research materials, SEC filings, annual reports, fund prospectuses, and various financial websites.

We maintain a stock universe of 200 issues which are further delineated between core, focused or high-growth, and supervised subgroups. Some of the criteria that we use to evaluate companies include a company's market share, gross margins, international presence, debt coverage, price earnings growth, and the possession of key technologies that separate them from their peers.

We also maintain spreadsheets containing lists of approved ETFs/ETNs and mutual funds with information detailing such items as expense ratios, performance, yield, asset under management, etc.

All securities are monitored and reviewed for changes by the Investment Committee on a monthly or bi-monthly basis. Mark J. Kavaloski and Cynthia Glist are the current Committee Members.

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### Investment Strategies

The primary investment strategy used in most client accounts is strategic asset allocation. We first determine what portions of a portfolio are to be allocated to three general asset groups as follows: stocks, fixed income, and other. Equity represents only the common stocks included in our 200-stock universe or those specifically inherited or purchased at the client's direction, as well as stock mutual funds, exchange-traded funds (ETFs), and exchange-traded notes (ETNs). Fixed Income represents Treasury securities, corporate and municipal bonds, fixed income

closed-end mutual funds, and ETFs that invest predominantly in domestic and/or foreign fixed income securities. Other represents Real Estate Investment Trusts (REITs), convertible bonds, preferred stocks, master limited partnerships (MLPs), commodity-indexed ETFs/ETNs, royalty trusts, ETFs/ETNs that utilize hedging or volatility techniques, and funds that utilize options to enhance returns on a theoretical basis.

Our methodology does not seek to index asset returns to broad complex indices. We attempt to focus our efforts on select securities that may involve commitments of up to five percent of the portfolio, although most positions are typically in the one to four-percent range (tax limitations and client preferences may cause larger positions). The income requirements of the client are a substantial influence in the recommendation of our specific Investment Objective Instructions that must be executed by the client prior to management. The investment strategy for a specific client is based upon the Investment Objective Instructions that must be executed by the client prior to management. We may recommend a change to a client's Investment Objective periodically and the client may also request to change their objectives at any time.

We also offer one model ETF portfolio, which clients may choose to follow either as a portion of their current account or as a separate account. This strategy is summarized below and represent AmeriTrust's current intentions, are general in nature, and are not exhaustive.

The ACM Core & Explore Portfolio (formerly named the "Growth ETF Strategy") will allocate 70% of the portfolio in a low-cost globally diversified portfolio and 30% in strategies and/or assets that we believe can outperform the general markets. The overall portfolio will typically have a range of 45-70% Equity / 10-25% Other / 20-45% Fixed Income and will hold between 10-20 positions.

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## **Risk of Loss**

Investing in securities involves risk of loss that clients should be prepared to bear over the course of time. Whereas we recommend and allocate portfolio selections over a broad array of asset types, security markets have evidenced a high degree of correlation during market panics as observed during the later parts of 2008 and 2018.

Some of the investments risks associated with stocks that clients could face include loss of principal, business, liquidity, and market risk. Investments in foreign stocks involve additional risks such as currency fluctuations, political, and economic conditions. Real estate investments may be subject to specific risks related to the general and local economic conditions and risks related to individual properties. Commodities risks involve changes in supply and demand, weather, trade, changes in interest rates, and governmental policies, action, or no action. Some investments in the alternative class are exchange-traded notes (ETNs) which are unsecured obligations and are not secured debt and have no principal protection. Fixed income investments are subject to interest rate risk, prepayment risk, credit, and market risk, along with currency fluctuations, political, and economic risks associated with foreign bonds.

## **Item 9: Disciplinary Information**

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### **Legal and Disciplinary**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of AmeriTrust or the integrity of AmeriTrust's management. No employees of AmeriTrust have been involved in any legal or disciplinary events.

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

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### **Activities & Affiliations**

The sole business and financial activities of the principals and employees of AmeriTrust is fully contained within the duties directly related to servicing our clients. We do not offer compensation programs for referrals to any person not employed by AmeriTrust or to employees unless they are properly registered.

### **Broker-Dealer Registration**

None of the management persons at AmeriTrust are registered or pending registration as a broker-dealer or registered representative of broker-dealer.

### **Futures Commission Merchant, Commodity Pool Operator, Commodity Trading Advisor Registration**

None of the management persons at AmeriTrust are registered or pending registration as a futures commission merchant, commodity pool operator, a commodity trading advisor, or as an associated person of the foregoing entities.

### **Material Relationships or Arrangements with Related Persons**

None of the management persons at AmeriTrust have a relationship or an arrangement with a related person, such as a broker-dealer, other investment advisors, investment company, banks, accountants or accounting firms, law firms, insurance companies, pension consultants, or real estate brokers. Although we do work with many of these persons within the scope of our ongoing relationship with a client, we do not have any material relationships or arrangements with them.

### **Other Investment Advisers**

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AmeriTrust does not recommend or have a relationship with another investment adviser.

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

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### **Code of Ethics**

AmeriTrust has adopted a Code of Ethics within its Compliance Manual in which all employees must sign describing its high standard of business conduct and fiduciary duty to its clients. The

Code of Ethics includes provisions relating to:

- Placing clients' interest before an employee's,
- Maintaining the confidentiality of client information,
- Complying with all applicable laws and regulations that AmeriTrust must abide by,
- Prohibition of conduct involving dishonesty, fraud, or misrepresentation,
- Acting diligently when providing services and considering suitable recommendations,
- Providing fair and reasonable services, personal securities trading procedures and the duty to report questionable activities by clients or co-workers.

The Compliance Manual and Code of Ethics are designed to assure that the personal securities transactions, activities and interests of the employees of AmeriTrust will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Mark Kavaloski reserves the right to terminate an employee for non-compliance without regard to other circumstances.

CFP® designees are held to a Code of Ethics as outlined by the CFP® Board of Standards. AmeriTrust will provide a copy of its Code of Ethics to any client or prospective client upon request.

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### **Participation or Interest in Client Transactions**

The management of a client's account is based upon their individual Investment Objective Instructions as well their risk profile, financial, tax, and estate planning issues. This may lead us to recommend the purchase of a security in one account while recommending a sale in another account based upon these different client objectives. AmeriTrust employees may also hold, purchase, and sell similar securities that are held in client portfolios, but must place client's interest first in accordance to the Code of Ethics that each employee has acknowledged and signed. In addition, all employee trades are required to be placed after all client trades have been placed in our daily trade administration.

The Chief Compliance Officer of AmeriTrust is Mark J. Kavaloski. All employees of AmeriTrust are required to provide within five days of receipt their duplicate broker confirmations and statements to Mark Kavaloski reflecting transactions and/or assets in excess of \$10,000. In addition, all employees are required to complete a Quarterly Trade Report detailing

their trades and submit the report to Mark Kavaloski, along with copies of their annual statements. This requirement is extended to any family members who reside with the employee.

Mark J. Kavaloski is not aware of any employee whose assets are adequate for obtaining substantial positions in excess of one percent of the market value of any traded security. All employees are aware that the sale of a security in which they personally or AmeriTrust has vested interest in must disclose to a prospective client who is recommended such security of this conflict of interest.

Mark J. Kavaloski shall personally review all security transactions that may pose regulatory and/or conflicts of interest problems for AmeriTrust and/or the individual. All employees are subject to background checks at any time.

Within twelve months of employment, all employees must domicile their personal financial assets, outside of banks and insurance accounts, at an approved third-party custodian, subject to review by Mark Kavaloski. Employees who wish to hold assets outside of the preferred custodian (currently TD Ameritrade) with the consent of the President, must provide quarterly statements in their Quarterly Report beginning January 1, 2013; otherwise statements are to be provided at least annually.

Any employee receiving information described in any context as “insider information” shall report the occurrence to Mark Kavaloski immediately. The employee shall inform any prospective provider of such information that we are specifically prohibited from engaging in any discussion, let alone the transaction of such information.

AmeriTrust does not cross trade between client accounts.

## Item 12: Brokerage Services

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### Selection of Brokerage Firms

AmeriTrust presently uses several brokerage firms for the purpose of transacting stock and bond transactions for client accounts. We have selected these brokers based upon the virtues of cost, best execution, and quality of service. Lower commission rates are available to the public than those paid to the herein listed brokers.

At present, the following commission schedules are utilized:

Broker	Stock (\$/shr)	Min/Trans.	>1,000 Shares	Bond Min.
Oppenheimer	6 cents	n/a	\$0.06/shr	
Fidelity Institutional	Flat rate (<1,000)	\$16.95	+\$0 .01/shr	\$50.00
(Household over \$1MM or eDelivery)	Flat rate (<1,000)	\$12.95	+\$0 .01/shr	\$50.00
TD Ameritrade Institutional	Flat rate	\$6.95/\$16.99		\$25.00

Accounts below our recommended Minimum Account Size of \$400,000 will often involve odd-lot trading which causes the highest costs per share due to the minimum transactions fees. Unless specifically directed by the client, AmeriTrust will normally direct trades through the broker providing custodial services. Accounts custodied at Trust Departments will normally have their trades placed through Oppenheimer. On occasion, trade orders will be placed directly with the respective Trust Department when time is of the essence. At the present time, Treasury Auction orders are placed through the respective Trust Departments for clients who custody their assets there. All present TD Ameritrade Institutional clients will be advised of the higher minimum commissions with Fidelity Investments in the event we recommend their account be transferred.

Whereas AmeriTrust does offer clients to utilize our relationships with the above brokerage firms, AmeriTrust will direct trades to higher cost retail brokers if so directed by the client.

TD Ameritrade and Fidelity also provide AmeriTrust with “institutional platform services.” These institutional platform services include, among others, brokerage, custody, and other related services. These platform services assist AmeriTrust in managing and administering clients’ accounts and include software and other technology that (1) provide access to client account data (such as trade confirmations and account statements); (2) facilitate trade executions; (3) provide research, pricing, and other market data; (4) facilitate payment of fees from our clients’ accounts; and (5) assist with back-office functions, recordkeeping, and client reporting.

TD Ameritrade and Fidelity also offers other services intended to help AmeriTrust manage and further develop its advisory practice. Such services include, but are not limited to, performance reporting, financial planning, contact management systems, third party research, publications, access to educational conferences, roundtables and webinars, practice management resources, access to consultants and other third-party service providers who provide a wide array of business related services and technology with whom AmeriTrust may contract directly.

AmeriTrust is independently operated and owned and is not affiliated with TD Ameritrade or Fidelity.

TD Ameritrade and Fidelity generally do not charge their advisor clients separately for custody services but are compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through them or that settle into custodied accounts (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). TD Ameritrade and Fidelity provide access to many no-load mutual funds and some ETFs without transaction charges and other no-load funds at nominal transaction charges.

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## Soft Dollars

Oppenheimer and Fidelity Institutional provide soft-dollar arrangements for the purpose of providing research products and services that qualify as “brokerage or research services” under Section 28(e) of the Securities Exchange Act of 1934 (“Exchange Act”), such as our portfolio

management software, pricing services, financial periodicals, and stock research. The current Soft Dollar Ratio for Oppenheimer is 1:1.7 and for Fidelity 12:1. TD Ameritrade Institutional has provided nominal services such as Market Updates and Investment Conferences, and stock research reports without regard to actual commissions earned.

All clients receive the benefits of our research received through our soft-dollar arrangements regardless of whether these services are paid through their commissions. However, not all of the research received by AmeriTrust may be useful for the account for which the particular transaction was affected.

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

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### **Review of Accounts**

Our accounts are reviewed either on a monthly, bi-monthly, quarterly, semi-annually, or annual basis. Occasionally more frequent reviews are done when client or security issues requires our immediate attention. A professional portfolio management program is utilized in monitoring and evaluating account performance.

Account reviews are performed by Mark J. Kavaloski. Accounts that are valued below \$500,000 are typically reviewed either bi-monthly (E/O), quarterly, semi-annually or annually. At times, the \$500,000 threshold may be exceeded or short by ten percent in value due to market fluctuation. Series 5000 accounts follow the Core & Explore model portfolio exclusively (described in Item 8) and are reviewed quarterly by John G. Grelek.

For Discretionary Accounts, each portfolio is reviewed in conjunction with the client's Investment Objective Instructions and present financial status. After notating review, the trades are placed as market conditions allow.

For Non-Discretionary Accounts, each portfolio is reviewed in conjunction with the client's Investment Objective Instructions and present financial status and then our recommendations for investment action are mailed or emailed to clients requesting their approval. Once the recommendations are approved, the trades are placed as market conditions allow.

An investment recommendation may be withdrawn if adverse conditions occur before or after approval by client, without further notice to client.

The frequency of reviews for our Pension Consulting clients is dependent upon the services we have been engaged to perform in the advisory agreement, as well as the features, size, and complexity of the retirement plan. The meeting schedule for continuous consulting services typically ranges from quarterly reviews to annual reviews. We are also available for interim meetings as needed. We will review your Investment Policy Statement (IPS) whenever you advise us of a change in circumstances regarding the needs of the plan. We will also review the investment options of the plan according to the agreed upon time intervals established in the IPS.

Such reviews will occur no less than annually. Additional reviews may be triggered by material market, economic or political events, or by changes in your circumstances.

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

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### **Referrals**

We do not offer compensation programs for referrals to any person not employed by AmeriTrust or to employees unless they are properly registered.

AmeriTrust does not accept referral fees or any form of compensation from other professionals when we refer clients to them.

## **Item 15: Custody**

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### **Account Statements**

All assets are held at third-party custodians who provide clients statements detailing their positions and transactions to their address on record at least quarterly. We urge all clients to carefully review these statements provided by their custodians.

### **Statements Provided by AmeriTrust**

We provide all clients Quarterly or Semi-Annual Reports which detail transactions and a list of current positions at market value amongst other reports which are generated by our professional portfolio management software program. Interim statements are available upon demand. Our statements may vary from custodial statements based upon accounting procedures, reporting dates, or valuation methodologies of certain securities.

### **Custody Rule**

Based upon New Rule 206(4)-2, AmeriTrust is deemed to have “custody” of client assets when we directly debit our fees from client accounts. However, AmeriTrust relies on the California Safeguarding Procedures to avoid custody, which is described below:

- (1) All custodians of assets managed by AmeriTrust are “qualified” under Rule 206(4)-2 and provide at least quarterly statements to all clients.
- (2) Each client has authorized us to deduct fees directly from their account by approving Item 7 in our Investment Management Agreement.
- (3) The client has signed a Custodial Agreement which only allows the firm to enter into transactions on their behalf and the withdrawal of management fees.

- (4) The client and custodian are each sent an itemized invoice which includes: the asset value the fees are based upon, how the fees were calculated, and the period of time for the fees.

In a February 2017 SEC Guidance Update, the SEC said they would consider an advisor to have “custody” of a client’s assets if the client has standing letters of authorizations (“SLOA”) or other similar asset transfer authorization with the qualified custodian for third-party disbursements in which the advisor may have some discretion in transferring the funds on behalf of the client. The SEC would not recommend enforcement actions against the investment advisor if that advisor did not obtain a surprise examination, as required by Rule 206(4)-2(a)(4), where it acts pursuant to such an arrangement under the following circumstances:

- (1) The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
- (2) The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- (3) The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization, and provides a transfer of funds notice to the client promptly after each transfer.
- (4) The client has the ability to terminate or change the instruction to the client's qualified custodian.
- (5) The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
- (6) The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
- (7) The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

The state of Washington has included an eighth condition with the adoption on September 29, 2017 of Securities Act Policy Statement 23, which specifies as follows:

- (1) In addition to including the client funds and securities that are subject to a SLOA that result in custody in its response to Item 9 of Form ADV and explaining the arrangement(s) in Item 15 of Form ADV Part 2, the investment adviser must specify in Schedule D – Miscellaneous of Form ADV Part 1 and Item 15 of Form ADV Part 2: (a) Both the amount and number of clients included in the Item 9 custody figures solely because of the SLOA (s); and (b) attest that the investment adviser is complying with each of the requirements and conditions enumerated in this policy statement.

Currently, AmeriTrust does not engage in “SLOA” for third-party asset transfers in which we have discretion on the amount, payee, and timing of transfers. We do perform first-person transfers, where the client grants an advisor the authority to move money between the client’s own accounts, but the SEC does not consider these types of transfers under their Custody Rule.

## **Item 16: Investment Discretion**

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### **Discretionary vs. Non-Discretionary Authorization**

AmeriTrust usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated Investment Objectives for the particular client account. In Non-Discretionary accounts, AmeriTrust provides written investment recommendations on a monthly, bi-monthly, or quarterly basis by mail or email subject to the client's written approval or when a client's verbal approval is properly notated. The following paragraph is included in all recommendation letters to describe the nature of the client's approval:

*"We may delay or cancel the purchase or sale of the securities listed above if the subject security moves out of a favorable trading range. Please note "Approximate Value" reflects only an expected amount that may change significantly between your approval and our final execution of the trade. We reserve the right to complete the above transactions if typographical errors are deemed by us to be nominal in scope relative the above described transactions."*

Client's may suggest or recommend specific securities that are not within the defined universe of securities authorized by Ameritrust if approved by the portfolio manager. The portfolio manager under these certain circumstances may be directed by the client to purchase or sell select securities within their personal portfolios without the portfolio manager utilizing his discretion in the purchase of the specified securities. Any limitations set by the client will be notated for each review of the portfolio manager as a means of monitoring the respective limitation set by client.

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### **Trading Discretion**

The discretion of the portfolio manager is limited in scope to the stock universe and list of securities monitored and documented monthly or quarterly by AmeriTrust. Securities may be added or deleted at the discretion of Mark Kavaloski. The portfolio manager utilizes discretion when they determine the specific lots to be sold for a particular security in taxable accounts, the amount to be purchased and maintained in each stock sector or investment group, and how close to the target Investment Objective the portfolio will be maintained. The portfolio manager will obtain the client's approval when he feels that a sustained deviation from the standing Investment Objective is likely to occur in the future.

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

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### **Proxy Voting**

AmeriTrust votes the proxies on client securities when we are assigned the function by the client or custodian and the printed proxy materials are mailed to our PO Box address. We are not responsible for late receipt of proxies. We generally vote in favor of management, but we do utilize discretion against management if we believe a given vote would potentially prove beneficial to the value of the underlying securities. Clients may contact us during the voting procedure to ask if we can possibly vote their shares in a specific manner although we have never experienced such a concern by a client to date.

We do record how we vote on each proxy and this information is available to all clients. Clients may request information regarding specific proxies or obtain a copy of our proxy voting policies and procedures by sending a letter to our mailing address.

## **Item 18: Financial Information**

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### **Financial Condition**

Registered investment advisers are required to provide clients with certain financial information or disclosures about their financial condition if we solicit payments of more than \$500 in fees per client, six months or more in advance or if we hold custody of client funds or securities. AmeriTrust does not solicit payments as described above.

AmeriTrust is only deemed to have custody of assets in respect to directly debiting fees from client accounts and relies on California Safeguarding Procedures to avoid custody. As AmeriTrust does not require or solicit prepayments of more than \$500, our firm does not have a financial condition which it believes would impair our ability to meet contractual commitments to our clients.

AmeriTrust has not been the subject of a bankruptcy petition at any time during the past ten years.

## **Item 19: Requirements for State-Registered Advisers**

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### **Principal Executive Officers & Management Persons**

The principal executive officers and management person at AmeriTrust is: Mark J. Kavaloski. Their formal education and business background can be found in the ADV Part 2B - Brochure Supplements.

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### **Other Business Activities**

As mentioned in Item 4, a small percentage of our business is derived from consulting services compensation for specific projects regarding the evaluation of securities, other assets, and other financial inquiries. This portion of our business typically constitutes 0-2% on average per year.

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### **Performance-Based Fees**

Neither AmeriTrust nor its management persons are compensated for advisory services with performance-based fees.

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### **Arbitration Claims & Civil Proceedings**

No management persons at AmeriTrust have been found liable in an arbitration claim alleging damages in excess of \$2,500 or have been found liable in a civil, self-regulatory organization, or administrative proceedings.

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### **Issuer of Securities Arrangements**

No management persons at AmeriTrust have any relationship or arrangement with any issuer of securities that is not listed in Item 10.

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**AmeriTrust**  
CAPITAL MANAGEMENT  
LTD.  
**INVESTMENT COUNSEL**

3568 Sagunto, West Wing  
P.O. Box 900  
Santa Ynez, CA 93460-0900  
Phone: (805) 688-1001  
Fax: (805) 686-4255

Website: [www.ameritrust.us](http://www.ameritrust.us)

## **Brochure Supplements**

(ADV Part 2B)

### **Supervised Persons**

Mark J. Kavaloski  
3568 Sagunto #P, West Wing  
PO Box 900  
Santa Ynez, CA 93460-0900  
(805) 688-1001  
[mark@ameritrust.us](mailto:mark@ameritrust.us)  
CRD #2474248

John G. Greleck IV  
3568 Sagunto #P, West Wing  
PO Box 900  
Santa Ynez, CA 93460-0900  
(805) 688-1001  
[john@ameritrust.us](mailto:john@ameritrust.us)  
CRD #3183996

This portion of the brochure provides information about Mark J. Kavaloski and John G. Greleck IV that supplements the AmeriTrust brochure. Additional information about Mark J. Kavaloski & John G. Greleck IV is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

February 28, 2019

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## **Educational Requirements**

AmeriTrust requires a minimum of a Bachelor's Degree in Business Administration, Economics, or Finance as an initial requirement to advise our clients or to begin training to advise clients.

In addition, an advising employee must have a minimum of two years experience in the financial services industry in areas specifically related to the management and/or administration of portfolios primarily invested in individual equity and fixed-income securities. This requirement is waived in the event the advising employee holds a Master's Degree in Business or CFP. However, an advising employee with sole responsibility over investment decisions (within the scope of AmeriTrust's stock universe and investment policy) cannot waive the experience requirement of two years in the financial industry.

The California Department of Business Oversight also requires that all investment adviser representatives must pass either the Uniform Investment Adviser Law Examination ("Series 65") passed on or after January 1, 2000; or the General Securities Representative Examination ("Series 7") and Uniform Combined State Law Examination ("Series 66"). Waivers and exemptions to these examination requirements are permitted for those individuals holding in good standing an approved professional designation.

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## **Professional Certification**

### **CERTIFIED FINANCIAL PLANNER™**

The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the "CFP® marks") are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. ("CFP Board").

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 71,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board's studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor's Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board's financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;

- Examination – Pass the comprehensive CFP® Certification Examination. The examination includes case studies and client scenarios designed to test one’s ability to correctly diagnose financial planning issues and apply one’s knowledge of financial planning to real world circumstances;
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by CFP Board’s *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*. The *Standards* prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board’s enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

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## **Professional Memberships**

### **CFA Institute – Affiliate Membership**

To qualify for an affiliate membership with the CFA Institute, an individual must:

- Agree to and sign the Member’s Agreement and Professional Conduct Statement.
- Fulfill society requirements, which vary by society.
- All societies require two sponsor statements as part of each application which are submitted online by their sponsors.

### **The National Association of Personal Financial Advisors (NAPFA) – Financial Services Affiliate Membership**

To be eligible for Financial Services Affiliate Membership, an individual must be a Fee-Only professional in a financial services or related industry (e.g. CPA, CFA, or Attorney) who is not otherwise eligible for any category of NAPFA membership. A Financial Services Affiliate must agree to be bound by the NAPFA Code of Ethics, Fiduciary Oath and Standards of Membership and Affiliation and spend at least 50% of their professional time devoted to working with retail customers. They must also agree that they will not imply NAPFA membership in any manner. If an applicant is a Registered Investment Advisor, they must include disclosure of Form ADV.

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**SUPERVISED PERSON:**

**Mark J. Kavaloski**  
**President, CEO & Chief Compliance Officer**  
**CRD # 2474248**

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**Educational Background & Business Experience**

- Date of Birth: 05/17/1960
- Loyola Marymount University, BA Business Administration, 1983
- California State University, Los Angeles, MBA, 1989

**Business Background:**

- CEO, President, & Senior Portfolio Manager with AmeriTrust Capital Management, (1998 – Present)
- President & Senior Portfolio Manager with American Telesis Group (1994-1998)
- Vice President, Trust at Sanwa Bank California (1988-1994)

**Business Memberships:**

- Affiliate Member of the CFA Institute
- Financial Services Affiliate Member of the National Association of Personal Financial Advisors (NAPFA)

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**Disciplinary Information**

Mark J. Kavaloski has not been involved a criminal or civil proceeding, federal or state regulatory proceeding, a self-regulatory organization (SRO) proceeding, or any other proceeding in which a professional attainment, designation, or license was revoked or suspended because of a violation of rules relating to professional conduct.

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**Other Business Activities**

Mark J. Kavaloski does not actively engage in any other business or investment-related business or occupation.

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**Additional Compensation**

Mark J. Kavaloski does not receive any additional compensation or other economic benefit, such as sales rewards or other prizes.

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## Supervision

All recommendations that Mark J. Kavaloski provides must be approved by the Investment Committee.

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## Requirements for State-Registered Advisers

Mark J. Kavaloski has not been found liable in an arbitration claim alleging damages in excess of \$2,500 or found liable in a civil, self-regulatory organization, or administrative proceeding.

Mark J. Kavaloski has not been subject of a bankruptcy petition.

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## SUPERVISED PERSON:

**John G. Greck IV, CFP®**  
**Vice President & Advisor**  
**CRD # 3183996**

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## Educational Background & Business Experience

### Educational Background:

- Date of Birth: 02/28/1975
- Berry College, BS Finance, 1997
- Boston University Online, Financial Planning Certificate, 2010

### Business Background:

- Vice President & Portfolio Manager with AmeriTrust Capital Management (2002 – Present)
- Portfolio Analyst with AmeriTrust Capital Management (1998-2002)
- Financial Controls Specialist with Northern Trust Retirement Consulting (1997-1998)

### Professional Designations:

- CFP® certification, 2011

### Business Memberships:

- Member of the Financial Planning Association (FPA)

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**Disciplinary Information**

John G. Greleck IV has not been involved a criminal or civil proceeding, federal or state regulatory proceeding, a self-regulatory organization (SRO) proceeding, or any other proceeding in which a professional attainment, designation, or license was revoked or suspended because of a violation of rules relating to professional conduct.

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**Other Business Activities**

John G. Greleck IV does not actively engage in any other business or investment-related business or occupation.

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**Additional Compensation**

John G. Greleck IV does not receive any additional compensation or other economic benefit, such as sales rewards or other prizes.

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**Supervision**

John G. Greleck IV is supervised by Mark J. Kavaloski, CEO, President, & Chief Compliance Officer. All client accounts that John provides advice on are reviewed by Mark J. Kavaloski at least annually to ensure that current Investment Objectives are being adhered to within a portfolio.

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**Requirements for State-Registered Advisers**

John G. Greleck IV has not been found liable in an arbitration claim alleging damages in excess of \$2,500 or found liable in a civil, self-regulatory organization, or administrative proceeding.