

Firm Brochure

(Part 2A of Form ADV)

Ashton Royce



Investment Advisors

Ashton Royce & Co.

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This brochure provides information about the qualifications and business practices of Ashton Royce & Co. Being registered as a registered investment adviser does not imply a certain level of skill or training. If you have any questions about the contents of this brochure, please contact us at 757-253-2799, or by email at Steve@AshtonRoyce.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 Ashton Royce & Co. (IARD#147671) is available on the SEC's website at www.adviserinfo.sec.gov

March 21, 2018

Ashton Royce & Co.

Item 2: Material Changes

Annual Update

The Material Changes section of this brochure will be updated annually or when material changes occur since the previous release of the Firm Brochure.

Material Changes since the Last Update

This update is in accordance with the required annual update for Registered Investment Advisors. Since the last filing of this brochure on April 27, 2017, the following has been updated:

- Item 4 has been updated to reflect the current amount of client assets under management.
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Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at 757-253-2799 or by email at Info@AshtonRoyce.com.

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Item 4: Advisory Business

Firm Description

Ashton Royce & Co., (“ARCO”) was founded in 2007. Steven G. Johnson is 100% owner.

ARCO provides personalized, confidential, financial planning services, and offers investment management services to individuals, small businesses, pensions, profit sharing plans, trusts, estates, charitable organizations, and may solicit for third-party money managers. Advice is provided through consultation with the client may include: determination of financial objectives, identification of financial problems, cash flow management, tax planning, investment management, education funding, retirement planning, and estate planning.

ARCO is a fee based wealth management, financial planning, and investment advisory firm. The firm does not sell annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other commissioned products.

Investment advice is an integral part of the Financial Planning Service. As such, ARCO may advise clients regarding cash flow, college planning, retirement planning, tax planning and estate planning.

An evaluation of each client's initial situation is provided to the client, verbally, in letter format, or in the form of an investment proposal which may include a risk analysis and may include a comparison to current holdings. Periodic Financial Planning Service reviews are performed and communicated to provide reminders of the specific courses of action that need to be taken. More frequent reviews occur but are not necessarily communicated to the client unless immediate changes are recommended.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by the client on an as-needed basis. Conflicts of interest will be disclosed to the client in the unlikely event they should occur.

Types of Advisory Services

ASSET MANAGEMENT

ARCO offers discretionary direct asset management services to advisory clients. ARCO will offer advisory clients additional services such as; on-going portfolio management as determined by individual investment goals, time horizons, objectives, and risk tolerance. Investment strategies, investment selection, asset allocation, portfolio monitoring and the overall investment program will be based on the above factors. The client will authorize ARCO discretionary authority to execute selected investment program transactions as stated within the Investment Advisory Agreement.

ASSETS HELD AWAY

ARCO offers discretionary asset management to individuals who have an employer based account, variable annuity account, or other type of investment account available for investment advisory services. ARCO will work with individuals in determining their individual investment goals, time horizons, objectives, and risk tolerance. Investment strategies, investment selection, and asset allocation are based on the above factors. The accounts will be monitored as directed in the Investment Advisory Agreement for Assets Held Away.

FINANCIAL PLANNING AND CONSULTING

Financial Planning Services (“FPS”) – FPS are offered on a negotiable fixed fee or an hourly fee basis. Financial Planning Services may be exclusive of, or in addition to, investment advisory services. Fees are described in detail under the “Fees and Compensation” section of this brochure.

The details of the financial planning services provided are as follows:

Financial Planning Services include, but are not limited to, a review of the client's current situation, review of the client's current documents, as well as, goals for financial planning, retirement planning, income planning, distribution planning, estate planning, college funding, asset allocation, IRA strategies, tax reduction strategies, and electronic account aggregation programs.

Prior to the planning process the client will be provided an estimated plan fee. A minimum of 50% of the planning fee is required at the commencement of the plan building process as agreed upon by the advisor and the client with the terms noted in the fee documentation. The remainder of the planning fee is due upon delivery of the plan. All Financial Planning Services are completed and delivered to the client within sixty (60) days. These services are provided as requested on an a’ la carte basis and are priced accordingly based upon the negotiated hourly rate or a negotiable fixed fee. Performance based financial planning fees are not associated with the FPS.

Clients will receive the following: a binder that includes the above mentioned items, as previously selected by the client. The binder is tabbed and organized according to section. The plan also includes a summary page, a recommendation page and an implementation tracking page. Printouts are in color where necessary to understand the graphs and charts. The plans are created with software and spreadsheet programs selected by the financial advisor. The data input is supervised and reviewed by the financial advisor as some part of the data input may be done by the financial advisor's assistant or office manager. In order to provide an accurate financial plan, the client may be asked to complete data gathering forms. The data gathering forms are provided by the advisor to the client for completion. However, completion of the forms, and delivery to the advisor, in a timely manner, is the responsibility of the client.

The financial plans are delivered in person by the financial advisor and reviewed in detail with the client. The Financial Planning Binder becomes the client's property upon the completion of the delivery meeting. It is recommended that the client bring the planning binder to all follow-up meetings with the financial advisor.

SOLICITORS ARRANGEMENTS

In some cases, ARCO may solicit the services of third-party money managers to manage client accounts. In such circumstances, ARCO receives a solicitor fee from the third-party manager. This is detailed in Item 10 of this brochure.

Client Tailored Services and Client Imposed Restrictions

The goals and objectives for each client are documented in the ARCO client files. Investment strategies are created that reflect the stated goals and objective. Clients may impose restrictions on investing in certain securities or types of securities. Agreements may not be assigned without written client consent.

Wrap Fee Programs

ARCO may offer wrap fee programs through third-party money managers.

Client Assets under Management

As of January 31, 2018, ARCO had approximately \$5,577,394 in client assets under discretionary management.

Item 5: Fees and Compensation

Method of Compensation and Fee Schedule

ASSET MANAGEMENT

ARCO offers discretionary direct asset management services to advisory clients. Fees for these services will be based on an annual percentage between 1.0% and 2.0% of Assets Under Management. Fees are dependent upon the advisor managing the account and the types of investments selected. The final fee will be identified in the Investment Advisory Agreement.

ARCO may charge an initial consultation fee of up to 1.0% of investible assets based upon estate settlement, complexity, titling, the number of accounts transferred, IRA and 401k issues, and other labor intensive factors that negatively affect timely and efficient transfers. If an initial consultation fee is charged it will be deducted after receiving the assets at the custodian.

In some circumstances the annual fee may be negotiable. For example; accounts within the same household may be combined for a reduced fee. High Net Worth accounts may be discounted. ARCO, in its sole discretion, may waive its 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.). Lower fees for comparable services may be available from other sources. The client shall be given thirty (30) days prior written notice of any increase in fees, and client will acknowledge, in writing, any agreement of increase in said fees.

Clients may terminate their account within five (5) business days of signing the Investment Advisory Agreement by writing to ARCO. No further obligation by the clients will be expected. Clients may terminate advisory services with thirty (30) days by providing written notice to ARCO. Clients will be entitled to a pro rata refund for the days that service was not provided in the final month of the affiliation.

Fees are billed monthly, in advance, based upon the average daily balance from the previous month. Prorated fees will be charged for any account received during the month. Monthly advisory fees that are deducted from the clients' account by the Custodian will be reflected in said account and will also be listed on the statements which are mailed directly to the client.

Specifically, this information is available anytime, online, to the client, via secure login to the Custodian's website and selecting the transactions tab. The client is also provided with the option of receiving an email notification or a billing statement by postal mail as the fees are withdrawn.

ASSETS HELD AWAY

Fees for assets held away services will be based on a percentage of Assets Under Management. The annual fee will not exceed 1.0%. Fees will be paid in advance or in arrears every quarter as agreed upon by the client and the advisor. The client will be provided an invoice for

services, payable within ten (10) days of receipt. Clients may choose to pay ARCO directly or have the amount deducted from another account managed by ARCO. Clients may terminate their account, by writing to ARCO, within five (5) business days of signing the Investment Advisory Agreement and have no further obligation. For termination after five (5) business days, client will be entitled to a pro-rata refund based upon the number of days account was managed.

FINANCIAL PLANNING

Financial Planning Services are not mandatory but, if requested by the client, the services are offered based upon either a negotiable fixed fee or at an hourly rate. A minimum of 50% of the financial planning fee is due at the commencement of the plan building process with the remainder of the planning fees due upon plan delivery. All Financial Planning Services are completed and delivered within sixty (60) days. There are no performance-based fees financial planning services.

FIXED FEES

The services are offered based upon a negotiable fixed fee with a minimum fee of \$500 and maximum fee of \$25,000 based on the complexity and unique client's needs. This fee is confirmed in writing and the documentation is initialed by the client on the Investment Advisory Agreement (Schedule D).

HOURLY FEES

The services are offered on a rate of between \$125 and \$250 per hour based on the complexity and uniqueness of the client's needs. A four hour minimum is required. Prior to starting the planning process the client is provided an estimate that includes the estimated time, hourly rate, and the total cost of the Financial Planning Services. This estimate is confirmed in writing and the documentation is initialed by the client on the Investment Advisory Agreement (Schedule D). This estimate is based upon information provided by the client during the discovery process and the estimate may be changed, if confirmed in writing, and agreed upon by the client, due to additional undisclosed or unexpected items that require unforeseen implementation into the plan.

SOLICITOR FEES

ARCO may utilize the services of solicitors or third-party managers to manage client assets. In such circumstances, ARCO will share in the third-party management fee. These fees do not include brokerage fees that may be assessed by the Custodian. This is detailed in Item 10 of this brochure.

Client Payment of Fees

Investment management fees are billed monthly, in advance based upon the average daily balance in the account, from the previous month. Prorated fees will be charged for any account received during the month. The client consents to direct debiting of their investment account as noted in the Investment Advisory Agreement in Schedule D.

Monthly advisory fees that are deducted from the clients' account by the Custodian will be reflected in said account and will also be listed on the statements which are mailed directly to the client. Specifically, this information is available anytime, online, to the client, via secure login to the Custodian's website and selecting the transactions tab. The client is also provided with the option of receiving an email notification or a billing statement by postal mail as the fees are withdrawn.

Fees for financial plans are billed at the commencement of the planning process. A minimum of 50% of the fee is due at the commencement of the plan building process and the remainder of the balance is due upon plan completion.

Clients will be billed in accordance with the Third-Party Money Manager Fee Schedule which will be disclosed to the client prior to signing the Investment Advisory Agreement.

Additional Client Fees Charged

Custodians may charge transaction fees on purchases or sales of certain mutual funds, equities and exchange-traded funds. These charges may include mutual fund transactions fees, postage and handling and miscellaneous fees (fees levied to recover costs associated with fees assessed by self-regulatory organizations). These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the Custodian charges to buy or sell the security.

For more details on the brokerage practices, see Item 12 of this brochure.

Prepayment of Client Fees

Investment management fees are billed monthly in advance based upon the average daily balance in the account, from the previous month. Financial Plans are billed 50% in advance. Clients may cancel by writing to ARCO within five (5) business days of signing the Investment Advisory Agreement with no further obligation. After five (5) business days, ARCO is entitled to payment for work completed. The client will be refunded any unearned fees or a prorated amount.

External Compensation for the Sale of Securities to Clients

ARCO does not receive any external compensation for the sale of securities to clients, nor do any of the investment advisor representatives of ARCO.

Item 6: Performance-Based Fees

Sharing of Capital Gains

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

ARCO does not use a performance-based fee structure because of the 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

ARCO generally provides investment advice to individuals, corporations, business entities, pensions, profit sharing plans, trusts, estates foundations, and charitable organizations. Client relationships vary in scope and length of service.

Account Minimums

The minimum amount of assets necessary to open an account will be determined on a case by case basis. Some third-party money managers utilized by ARCO might have minimums to open accounts on their platform.

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

Methods of Analysis and Investment Strategies

Security analysis methods used may include fundamental analysis, technical analysis, and cyclical analysis. Investing in securities involves risk of loss that clients should be prepared to bear. Past performance is not a guarantee of future returns.

Fundamental analysis involves evaluating a stock, using real data, such as company revenues, earnings, return on equity, and profits margins to determine underlying value and potential growth. Technical analysis involves evaluating securities based on past prices and volume. Cyclical analysis involves analyzing the cycles of the market.

The main sources of information utilized in analysis include: subscription-based financial information, investment platform analysts and reports, direct and indirect analyst relationships, third-party market reviews and analysis, investment company information, financial industry newspapers and magazines, annual reports, prospectuses, and filings with the Securities and Exchange Commission.

Investment Strategy and Method of Analysis of Material Risks

The investment strategy for a specific client is based upon the objectives stated by the client during consultations and outlined in writing in the Investment Advisory Agreement (Schedule A). Each client executes an Investment Policy Statement or Risk Tolerance Statement that documents their objectives and their desired investment strategy. The client may change these objectives at any time by promptly notifying ARCO in writing of any changes to investment policy, trading restrictions or any limitations applicable to the Account.

Fundamental analysis may involve interest rate risk, market risk, business risk, and financial risk. Risks involved in technical analysis are inflation risk, reinvestment risk, and market risk. Cyclical analysis involves inflation risk, market risk, and currency risk.

Other strategies may include long-term purchases, short-term purchases, trading, and option writing (including covered options, uncovered options or spreading strategies).

Security Specific Material Risks

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 and should discuss these risks with ARCO:

- *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 buy more than 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.

The specific risks associated with financial planning include:

- Risk of Loss
 - Client fails to follow the recommendations of ARCO resulting in market loss
 - Client has changes in financial status or lifestyle and therefore plan recommendations are no longer valid
 - All investments can suffer financial loss

The risks associated with utilizing third-party money managers ("TPM") include:

- Manager Risk
 - the TPM fails to execute the stated investment strategy
- Business risk
 - TPM has financial or regulatory problems
- The specific risks associated with the portfolios of the TPM's which is disclosed in the TPM's Form ADV Part 2.

Item 9: Disciplinary Information

Criminal or Civil Actions

The firm and its management have not been involved in any criminal or civil action.

Administrative Enforcement Proceedings

The firm and its management have not been involved in administrative enforcement proceedings.

Self-Regulatory Organization Enforcement Proceedings

The firm and its management have not been involved in legal or disciplinary events related to past or present investment clients.

Item 10: Other Financial Industry Activities and Affiliations

Broker-Dealer or Representative Registration

ARCO has no employees that are registered representatives of a broker dealer.

Futures or Commodity Registration

Neither ARCO nor its employees are registered or have an application pending to register as a futures commission merchant, commodity pool operator, or a commodity trading advisor.

Material Relationships Maintained by this Advisory Business and Conflicts of Interest

Managing Member, Steven G. Johnson has no material relationships to report.

Recommendations or Selections of Other Investment Advisors and Conflicts of Interest

ARCO may at times utilize the services of third-party money managers ("TPM") to manage client accounts. This situation creates a conflict of interest. However, when referring clients to a TPM, the client's best interest will be the main determining factor for ARCO.

SOLICITOR FEES

ARCO has entered into Solicitor Agreements with Flexible Plan Investments, Ltd. and Eqis Capital Management, Inc. who are all Registered Investment Advisors. The firms provide investment portfolio advice and supervisory services.

The relationships between ARCO and the third-party money managers will be disclosed to the client in writing prior to commencement of the services. ARCO does not charge additional management fees for use of the TPM to manage account services. The use of a TPM does not increase the client's fees or costs. Client's signature is required to confirm consent for services within Third-Party Investment Agreement. Client will initial ARCO's Investment Advisory Agreement to acknowledge receipt of Third-Party fee Schedule and required documents including Form ADV Part 2 disclosures.

Flexible Plan Investments, Ltd.

Flexible Plan Investments, Ltd., a Michigan corporation ("Flexible" or the "Adviser") is a registered investment adviser under the Investment Advisers Act of 1940. Flexible provides a platform where the fee charged is made of two (2) separate and distinctive parts. In addition, either a non-refundable administrative set-up fee or non-refundable establishment fee may be charged.

Initial Fees

For accounts established with an initial balance of less than \$25,000, a non-refundable administrative set-up fee of 3% of the initial balance or \$350 whichever is less.

For accounts with an initial balance of greater than \$25,000 may be charged a non-refundable establishment fee of up to 1.2% of the initial balance of which 1% is paid to ARCO.

Flexible Platform Fees

The Flexible platform management fee will be charged as a percentage of Assets Under Management ranging from 0.875% to 1.30% depending upon the investment program chosen. The fee is calculated annually and debited monthly or quarterly.

Financial Advisor Fees

Flexible shall pay ARCO an ongoing, annual-rate compensation fee. The fee amount is determined and disclosed to the client by ARCO before implementation and will range from .50% to 1.30% of the client Assets Under Management. The solicitor fee is calculated annually and debited monthly or quarterly by Flexible and paid to directly to ARCO.

Eqis Capital

Eqis Capital provides a regular wrap fee program which is made up of two (2) separate and distinctive parts, but charged to the client as one fee. The 2 parts are the Eqis Program Fee and the Financial Professional Fee. In addition, ARCO may charge the client an initial consulting fee. The fees are described below.

Initial Consulting Fees

An initial consulting fee of up to 1% of Assets Under Management, for accounts of \$2,000 or more, may be debited when funds are received at the Custodian. The fee is paid to ARCO for investment and other consultation services provided to the client and may be waived at the discretion of ARCO.

Eqis Program Fee

The program fee will be charged as a percentage of Assets Under Management ranging from .15% to 3.3% depending upon the investment program chosen and ARCO's solicitor fee which ranges from .75% to 1.25%.

Financial Professional Fee

The professional fee is the fee which ARCO is to receive for introducing clients to Eqis, gathering and communicating client financial information, assisting in the manager selection, acting as a liaison between Eqis and the client, and other various clerical and administrative duties. The fee amount is determined and disclosed by ARCO before implementation and will range from .75% to 1.25%.

CONFLICT OF INTEREST

These practices represent conflicts of interest because ARCO is paid a Solicitor Fee for recommending the third-party money managers. This conflict is mitigated by disclosures, procedures, and the firm's fiduciary obligation to place the best interest of the client first and clients are not required to place their business with the advisors recommended or selected by Mr. Johnson. Clients have the option to receive investment advice through other money managers of their choosing.

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

Code of Ethics Description

The employees of ARCO have committed to a Code of Ethics ("Code"). The purpose of our Code is to set forth standards of conduct expected of ARCO employees and addresses conflicts that may arise. The Code defines acceptable behavior for employees of ARCO. The Code reflects ARCO and its supervised persons' responsibility to act in the best interest of their client.

One area the Code addresses is when employees buy or sell securities for their personal accounts and how to mitigate any conflict of interest with our clients. We do not allow any employees to use non-public material information for their personal profit or to use internal research for their personal benefit in conflict with the benefit to our clients.

ARCO's policy prohibits any person from acting upon or otherwise misusing non-public or inside information. No advisory representative or other employee, officer or director of ARCO may recommend any transaction in a security or its derivative to advisory clients or engage in personal securities transactions for a security or its derivatives if the advisory representative possesses material, non-public information regarding the security.

ARCO's Code is based on the guiding principle that the interests of the client are our top priority. ARCO's officers, directors, advisors, and other employees have a fiduciary duty to our clients and must diligently perform that duty to maintain the complete trust and confidence of our clients. When a conflict arises, it is our obligation to put the client's interests over the interests of either employees or the company.

The Code applies to "access" persons. "Access" persons are employees who have access to non-public information regarding any clients' purchase or sale of securities, or non-public information regarding the portfolio holdings of any reportable fund, who are involved in making securities recommendations to clients, or who have access to such recommendations that are non-public.

The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

Investment Recommendations Involving a Material Financial Interest and Conflict of Interest

ARCO and its employees do not recommend to clients securities in which we have a material financial interest.

Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest

ARCO employees may buy or sell securities that are also held by clients. In order to mitigate conflicts of interest such as front running, employees are required to disclose all reportable securities transactions as well as provide ARCO with copies of their brokerage statements.

The Chief Compliance Officer of ARCO is Steven G. Johnson. He reviews all employee trades each quarter. The personal trading reviews ensure that the personal trading of employees does not affect the markets and that clients of the firm receive preferential treatment over employee transactions.

Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest

ARCO does not maintain a firm proprietary trading account and does not have a material financial interest in any securities being recommended and therefore no conflicts of interest exist. However, employees may buy or sell securities at the same time they buy or sell securities for clients. In order to mitigate conflicts of interest such as front running, employees are required to disclose all reportable securities transactions as well as provide ARCO with copies of their brokerage statements.

The Chief Compliance Officer of ARCO is Steven Johnson. He reviews all employee trades each quarter. The personal trading reviews ensure that the personal trading of employees does not affect the markets and that clients of the firm receive preferential treatment over employee transactions.

Item 12: Brokerage Practices

Factors Used to Select Broker-Dealers for Client Transactions

Not all advisors require or recommend the use of a particular brokerage firm to execute transactions, however ARCO may recommend the use of a particular broker-dealer or may utilize a broker-dealer of the client's choosing. ARCO will select appropriate brokers based on a number of factors including but not limited to their relatively low transaction fees and

reporting ability. ARCO currently has a relationship with Trust Company of America as their custodial broker-dealer. ARCO relies on its broker to provide its execution services at the best prices available. Lower fees for comparable services may be available from other sources. Clients pay for any and all custodial fees in addition to the advisory fee charged by ARCO.

- *Directed Brokerage*

In circumstances where a client directs ARCO to use a certain broker-dealer, ARCO still has a fiduciary duty to its clients. The following may apply with Directed Brokerage: ARCO's inability to negotiate commissions, to obtain volume discounts, disparity in commission charges among clients, and potential conflicts of interest arising from brokerage firm's referrals.

- *Best Execution*

Investment advisors who manage or supervise client portfolios on a discretionary basis have a fiduciary obligation of best execution. ARCO reviews the execution of trades at each Custodian each quarter.

- *Soft Dollar Arrangements*

ARCO utilizes the services of custodial broker-dealers. Economic benefits are received by ARCO which would not be received if ARCO did not give investment advice to clients. These benefits include: a dedicated trading desk, a dedicated service group and an account services manager dedicated to ARCO's accounts, ability to conduct "block" client trades, electronic download of trades, balances and positions, duplicate and batched client statements, and the ability to have advisory fees directly deducted from client accounts.

A conflict of interest exists when the firm receives soft dollars. This conflict is mitigated by disclosures, procedures, and the firm's fiduciary obligation to act in the best interest of his clients and the services received are beneficial to all clients.

Aggregating Securities Transactions for Client Accounts

ARCO is authorized in its discretion to aggregate purchases and sales and other transactions made for the account with purchases and sales and transactions in the same securities for other Clients of ARCO. All clients participating in the aggregated order shall receive an average share price with all other transaction costs shared on a pro-rated basis.

Item 13: Review of Accounts

Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved

Account reviews are performed at least quarterly by Steven G. Johnson, Chief Compliance Officer. Account reviews are performed more frequently when market conditions dictate. Financial Plans are considered complete when recommendations are delivered to the client and a review is done only upon request of client.

Review of Client Accounts on Non-Periodic Basis

Other conditions that may trigger a review of clients' accounts are changes in the tax laws, new investment information, and changes in a client's own situation.

Content of Client Provided Reports and Frequency

Clients receive account statements no less than quarterly for managed accounts. Account statements are issued by either ARCO's Custodian or the third-party money managers' Custodian. The client receives confirmations of each transaction in account from the Custodian and an additional statement during any month in which a transaction occurs.

Item 14: Client Referrals and Other Compensation

Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest

ARCO receives solicitor fees from third-party money managers for the referral of clients.

This situation creates a conflict of interest because the firm and/or its Investment Advisor Representative have an incentive to decide what third-party money managers to use because of the higher solicitor fees to be received by the firm. However, when referring clients to a third-party money manager, the client's best interest will be the main determining factor of the firm and its representatives.

Advisory Firm Payments for Client Referrals

ARCO may, from time to time, enter into agreements with individuals and organizations, which may be affiliated or unaffiliated with ARCO, that refer clients to ARCO in exchange for compensation. All such agreements will be in writing and comply with the requirements of Federal or State regulation. If a client is introduced to ARCO by a solicitor, ARCO may pay that solicitor a fee. While the specific terms of each agreement may differ, generally, the compensation will be based upon ARCO's engagement of new clients and is calculated using a varying percentage of the fees paid to ARCO by such clients. Any such fee shall be paid solely from ARCO's investment management fee, and shall not result in any additional charge to the client.

Each prospective client who is referred to ARCO under such an arrangement will receive a copy of this brochure and a separate written disclosure document disclosing the nature of the relationship between the solicitor and ARCO and the amount of compensation that will be paid by ARCO to the solicitor. The solicitor is required to obtain the client's signature acknowledging receipt of ARCO's disclosure brochure and the solicitor's written disclosure statement.

Item 15: Custody

Account Statements

All assets are held at qualified Custodians, which means the Custodians provide account statements directly to clients at their address of record at least quarterly. Clients are urged to compare the account statements received directly from their Custodians to their performance reports which may be prepared by the Custodian, ARCO, and outside service, or the third-party money manager.

ARCO is deemed to have direct custody solely because advisory fees are directly deducted from client's account by the Custodian on behalf of ARCO.

Item 16: Investment Discretion

Discretionary Authority for Trading

ARCO accepts discretionary authority to manage securities accounts on behalf of clients. The client will grant this discretion in the advisory agreement and/or executing a *limited power of attorney* document. ARCO has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. However, ARCO consults with the client prior to each trade to obtain concurrence if a blanket trading authorization has not been given.

The client approves the Custodian to be used and the commission rates paid to the Custodian. ARCO does not receive any portion of the transaction fees or commissions paid by the client to the Custodian on certain trades.

Item 17: Voting Client Securities

Proxy Votes

The client will receive their proxies directly from the custodian of their account or from a transfer agent.

ARCO will not be required to take any action or render any advice with respect to the voting of proxies solicited by or with respect to the issuers of securities in which assets of the Account may be invested from time to time.

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

Item 18: Financial Information

Balance Sheet

A balance sheet is not required to be provided by ARCO, because ARCO does not serve as a Custodian for client funds or securities and ARCO does not require prepayment of fees of more than \$500 per client and six months or more in advance.

Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients

ARCO has no condition that is reasonably likely to impair our ability to meet contractual commitments to our clients.

Bankruptcy Petitions during the Past Ten Years

Neither ARCO nor its management has had any bankruptcy petitions in the last ten years.

Item 19: Requirements for State Registered Advisors

Education and business background, including any outside business activities for all management and supervised persons can be found in the Supplement to this Brochure (Part 2B of Form ADV Part 2).

Material Relationship Maintained by this Advisory Business or Management persons with Issuers of Securities: None to report.

Supervised Person Brochure

Part 2B of Form ADV

Steven Glenn Johnson

Ashton Royce



Investment Advisors

Ashton Royce & Co.

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Williamsburg, VA 23185

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EMAIL: Info@AshtonRoyce.com

WEBSITE: www.AshtonRoyce.com

This brochure supplement provides information about Steven Johnson and supplements Ashton Royce & Co.'s brochure. You should have received a copy of that brochure. Please contact Steven Johnson if you did not receive Ashton Royce & Co.'s brochure or if you have any questions about the contents of this supplement.

Additional information about Steven Johnson (IARD#4844726) is available on the SEC's website at www.adviserinfo.sec.gov.

March 21, 2018

Brochure Supplement (Part 2B of Form ADV) Supervised Person Brochure

Principal Executive Officers and Management Persons

Steven Glenn Johnson



Steven G. Johnson began his financial career working with small business owners and as his clients' needs evolved, he transitioned into managing personal investments and retirement portfolios.

Mr. Johnson has received specialized training in the areas of investing, asset management, wealth management, estate planning, individual retirement accounts, Roth IRAs, distribution planning, tax reduction strategies, federal employee benefits, defined benefit plans, defined contribution plans, and retirement financial planning.

Mr. Johnson served on the Board of Directors for the Society of Certified Financial Advisors, SCRFA from July 1, 2009 until June 30, 2015. SCRFA issues the Certified Retirement Financial Advisor, CRFA, designation. CRFA is one of the few select financial designations certified by the National Commission for Certifying Agencies ("NCCA").

Mr. Johnson has been featured as a guest or host on more than 50 radio shows. He has been heard on 740 WBMG, 990 WLEE, and 850 WTKR. Mr. Johnson has been quoted in the *Wall Street Journal*, *Investment News*, *Life Health Pro.*, *Virginia Gazette*, *Daily Press*, *Richmond Times Dispatch*, *Toano-Norger-Times*, *Ford's Colony Newsletter*, and *Senior Market Advisor* magazine.

Mr. Johnson is a public speaker and has given presentations to more than a thousand investors and employees in public forums as well as private speaking engagements. Typical topics include: IRAs, Roth Conversions, Employee Benefits, Retirement Distributions, Defined Benefit Plans, Defined Contribution Plans, and Retirement Based Investing.

Steven G. Johnson has helped retirees from teachers, coaches, professors, business executives, police officers, mayors, physicians, attorneys, business owners, high net worth clients, and accredited investors.

Mr. Johnson has and continues to donate time and resources in order to raise funds for selected charities such as Orphan Helpers, Hospice, CHKD, and the Battered Women's Shelter. Steve frequently attends the Williamsburg Community Chapel and occasionally visits other churches on Sundays.

Education and Business Standards

Educational Background:

- Year of birth: 1966
- Oklahoma State University; 1993 -1996, areas of study: Business Administration and Marketing.
- College for Financial Planning; 2009-2012, areas of study: Asset Management, Wealth Management, and Retirement Planning. See Certifications Information.

Business Experience:

- Ashton Royce & Co.; President 04/2007 – Present; Chief Investment Officer/IAR 1/2010 - Present
- Ashton Royce II, Inc.; President/Independent Insurance Professional; 09/2006 – 09/2013
- AdviserRating.com.; Owner; 04/2007– 08/2011
- Retirement Solutions Group, Inc.; President; 09/2006 – 12/2010
- Two Rivers Capital Management; Solicitor 10/2006 – 08/2009; Financial Advisor; 08/2009 - 01/2010; ARCO Solicitor 1/2010 – 4/2010

Professional Certifications

Employees have earned certifications and credentials that are required to be explained in further detail.

Accredited Asset Management Specialist (AAMS): Accredited Asset Management Specialist(s) designation is issued by the **College for Financial Planning** to use the AAMS mark. AAMS certification requirements are as follows:

- Successfully complete the program
 - Instructor led courses consist of twelve, 3-hour courses
 - An exam study preparation course
 - A financial calculator training course
 - Approximately 90 hours of self-study
- Pass the final exam within 4 hours
- Comply with the code of ethics
- Complete 16 hours of continuing education
- Abide by the Standards of Professional Conduct
- Pay a biennial renewal fee
- Twelve areas of study are as follows:
 - The Asset Management Process
 - Investors, Policy & Change
 - Risk, Return & Investment Performance
 - Asset Allocation & Selection
 - Investment Strategies
 - Taxation of Investment Products
 - Investment Opportunities for an Individual's Retirement
 - Investment Considerations for Small-Business Owners
 - Deferred Compensation & Other Benefit Plans for Key Executives
 - Insurance Products for Investment Clients
 - Estate Planning for Investment Clients
 - Regulatory & Ethical Issues for the Investment Professional

Accredited Wealth Management Advisors (AWMA): Accredited Wealth Management Advisors designation is issued by the **College for Financial Planning** to use the AWMA mark. AWMA certification requirements are as follows:

- Successfully complete the program
 - An exam study preparation course
 - A financial calculator training course
 - Approximately 6-8 weeks of self-study
- Pass the final exam
- Comply with the code of ethics
- Complete 16 hours of continuing education
- Abide by the Standards of Professional Conduct
- The areas of study are as follows:

- Wealth Strategies
- Equity-Based Compensation Plans
- Tax Reduction Alternatives
- Asset Protection Alternatives

Disciplinary Information

None to report.

Other Business Activities

Steven G. Johnson has no other business activities to report.

Performance Based Fee Description

Mr. Johnson does not have any additional compensation to report and he does not receive any performance based fees.

Supervision

Mr. Johnson is the sole owner of Ashton Royce & Co. and therefore he is solely responsible for all supervision and formulation and monitoring of investment advice offered to clients. He will adhere to the policies and procedures as described in the firm's Compliance Manual.

Requirements for State-Registered Advisors

Arbitration Claims: None to report.

Self-Regulatory Organization or Administrative Proceeding: None to report.

Bankruptcy Petition: None to report.