ADV PART II
FIRM BROCHURE

ALHAMBRA INVESTMENTS

Alhambra Investment Management
9520 Haitian Dr.
Cutler Bay, FL 33189
www.alhambrapartners.com

March 20, 2018

Item 1 – Cover Page

This Brochure provides information about the qualifications and business practices of Alhambra Investment Management. If you have any questions about the contents of this Brochure, please contact us at 786-249-3773 or jyc3@alhambrapartners.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.

Alhambra Investment Management 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 Adviser.

Additional information about Alhambra Investment Management is also available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with Alhambra Investment Management who are registered, or are required to be registered, as investment adviser representatives of Alhambra Investment Management.

Item 2 – Material Changes Page

No material changes from the ADV Part II Firm Brochure dated March 30, 2017.

Item 3 – Table of Contents

Item 4 – Advisory Business

Alhambra Investment Management provides investment management services on a discretionary and non-discretionary basis. The company commenced operations in July 2006. Alhambra Investment Management LLC (AIM) is owned by Alhambra Investment Partners LLC (AIP). The principal owners of AIP are Joseph Y. Calhoun, III, Orlando Casariego, Douglas Terry and Jeffrey Snider. No single owner has more than 25% of the outstanding shares of AIP.

Alhambra Investment Management provides investment management services. The company also provides financial planning services for its investment management clients. AIM does not provide financial planning on a standalone basis.

AIM manages portfolios based on the risk tolerance of each client. Risk tolerance is determined through the use of a questionnaire and/or ongoing discussions with the client. Clients may direct AIM to exclude certain types of securities from their portfolio for personal or financial reasons. Examples might include not purchasing the shares of the client's employer due to concentration concerns or the desire to avoid securities issued by companies or entities the client feels act contrary to their personal moral views.

We do not participate in any wrap fee programs.

As of 12/31/2017 Alhambra advised client assets, discretionary and non-discretionary, of $169,087,637.60.

Item 5 – Fees & Compensation

All fees are subject to negotiation.

The specific manner in which fees are charged by AIM is established in a client's written agreement with the firm. AIM will generally bill its fees on a quarterly basis in advance. Clients may elect to be billed directly for fees or to authorize AIM to directly debit fees from client accounts. Management fees shall be prorated for each capital contribution and withdrawal made during the applicable calendar quarter (with the exception of de minimis contributions and withdrawals). Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

AIM management 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, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to AIM's fee.

Item 12 further describes the factors that Alhambra Investment Management considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

Fee Schedule

$1 Million or less	1.25%
Next $1 Million - $3 Million	1.00%
Next $3 Million - $5 Million	0.75%
Over $5 million	Negotiable

Item 6 – Performance-Based Fees & Side-By-Side Management

Alhambra Investment Management does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Item 7 – Types of Clients

Alhambra Investment Management provides portfolio management services to individuals, high net worth individuals, pension and profit sharing plans, charitable organizations and corporations.

Investing in securities involves risk of loss that clients should be prepared to bear.

Alhambra Investment Management utilizes, among other methods discussed in this section, a top down, macro-economic approach to asset allocation. Our outlook for global economic conditions is the primary driver of allocations to each asset class. The ability to forecast future economic conditions is an uncertain activity and the firm claims no special ability to do so accurately. Unpredictable events that can impact future economic conditions might include war, natural disasters, disruptions in supply or demand, unexpected changes in government economic policy, political scandals and terrorist attacks. This is by no means a comprehensive list. The future is unpredictable and the firm has no special ability to anticipate the unpredictable. Investors should understand that the risk of investing involves uncertainties beyond Alhambra Investment Management's control and could result in unexpected losses.

AIM's top down style depends on the ability of the firm to observe current economic conditions and extrapolate market movements based on historical precedents. There is no assurance that markets will act in the future as they have in the past.

Alhambra Investment Management offers a variety of portfolio approaches that can generally be divided between ***Active (Tactical)*** and ***Passive (Strategic).***

Active: Active strategies are ones that dictate portfolio changes based on current or expected market or economic conditions.

Passive: Passive strategies are portfolios that are set based on client criteria (risk tolerance, age, objective, etc.) and then only changed if those criteria change. Passive portfolios are rebalanced on a regular basis.

Alhambra often utilizes both approaches for a client in what is known as a Core/Satellite approach. The core of the client's assets are invested in the passive strategy and a satellite portion (smaller) is invested using an active strategy.

Alhambra has developed its own passive strategies as well as utilizing well known passive strategies developed by others.

Alhambra has also developed its own active strategies in addition to utilizing classic, well known active approaches.

Passive:

Passive investing is a strategy in which an investor's assets are invested in accordance with a predetermined strategy that doesn't entail any forecasting of economic or market outcomes. This should not be confused with a passive investment vehicle such as an index fund. A strategy which actively changes a portfolio's allocation among passive investment vehicles – from S&P 500 to

EAFE or some other index fund – based on a changing economic outlook is not a passive investment strategy.

Alhambra offers a number of these passive predetermined investment strategies. These strategies are flexible in the types of investments included in the predetermined allocation. For instance, some of these portfolios might include an allocation to emerging market stocks while others may not. Alhambra will assist clients in choosing appropriate portfolios or clients can direct Alhambra to include or exclude specific types of investments.

Once set, these passive portfolios are not disturbed except for rebalancing. Rebalancing is the action of returning the passive portfolio to its predetermined allocation. Allocations can drift from the predetermined path due to changes in market prices. Rebalancing can be accomplished based on a pre-set time frame – say annually – or if the allocation drifts too far from the target allocation.

Active:

Alhambra's active approach starts with our **Investment Philosophy**, our way of thinking about financial markets and how they function. It is this core set of beliefs that dictate how we manage our active portfolios. Our active strategies are the product of our investment philosophy. Here are the insights that guide our investment process:

- **Wealth preservation is necessary for wealth accumulation.** Risk management is thus central to one's investment program. The client's unique circumstances, time horizon, and tolerance for risk are primary considerations.
- **Markets move through valuation cycles.** Insights on valuation are derived from a thorough knowledge of history and an ongoing analysis of macroeconomic factors such as monetary and fiscal policy, fundamental valuation and market psychology. Armed with experience and knowledge, our goal is to take prudent risks to earn a reasonable return over the entire economic cycle.
- **Investment advice must be unbiased and free of conflicts of interest.**
- **Investment time horizons should be long term**. Long term investment returns for various asset classes can be fairly accurately estimated. Short term outcomes cannot.
- **Assets are often mispriced**. Markets are not inert objects but represent the interaction of fallible humans making emotional decisions. Mispriced assets represent opportunities. Value investing is the process of identifying these mispriced assets.
- **Reversion to the mean is a fact**. Extremes do not persist indefinitely.
- **Costs have a large effect on investment performance**.
- **Taxes have a large effect on investment performance**.
- **Liquidity is rare when it is needed most.**
- **Portfolios are not one size fits all; the portfolio must fit the client**.
- **There are only two active investment methods that work – value and momentum. The best investments combine the two.**

This **Investment Philosophy** informs our **Investment Process:**

Our investment process starts with **asset allocation**. Asset allocation is adjusted based on four factors:

1. **Term structure of the Treasury note/bond market (Yield curve)**
2. **Credit spreads**
3. **Valuation**
4. **Momentum**

We have identified these four factors as critical to asset allocation. Outperforming the standard passive investment approach necessitates developing a framework to adjust asset allocation over the course of the business cycle. Why? Because outperformance is not, as many suppose, a matter of outperforming all the time – something we readily admit is impossible – but rather a matter of outperforming at key turning points in the business cycle. The largest losses in stocks, which are necessarily a part of an investor's portfolio, occur when the business cycle is turning down and the economy entering recession. Conversely, the largest gains are generally at the beginning of the cycle as the economy exits recession. Avoiding the large drawdowns associated with recession and capturing most of the gains as expansion resumes is critical to the success of a tactical approach.

Published academic research shows that two methods – yield curve and credit spread analysis - provide advance warning of recession with a lead time of 1 to 8 quarters.. Our top down approach starts with these two indicators.

- ***Term structure***: The term structure of the Treasury note/bond market provides a market based method for predicting the future direction of economic growth. A positive structure (steep yield curve) is associated with positive economic growth while a negative structure (flat or inverted yield curve) is associated with negative economic growth (recession). Academic research indicates that term structure provides 1 to 8 quarters advance warning of recession.
- ***Credit spreads***: Credit spreads measure the difference in yield between bonds with credit risk (generally corporate credits) and those with no credit risk (US Treasuries). Credit spreads are an indication of investors' willingness to take risk. Widening credit spreads indicate rising risk aversion and narrowing spreads a willingness to take more risk. Risk aversion historically has shown up in bonds before other riskier securities (stocks). Academic research indicates that credit spreads provide 1 to 4 quarters advance warning of recession.

In addition to term structure and credit spreads, we analyze the incoming high frequency economic data. This data, while not particularly useful in predicting a recession, can provide confirmation of what we find using our two main methods. In addition, information about the micro economy can be gleaned from these reports.

We also monitor and analyze foreign markets and economies. As the world has become more integrated it has become more important to be aware of developments in foreign economies and money markets. Capital flows based on perceptions of future economic growth and central bank policy affect markets worldwide.

After we have reviewed the economic situation, we turn to the other two factors for asset allocation, valuation and momentum.

Valuation is not a market timing tool. Valuation provides useful information about risk. High equity valuations necessarily require that we reduce our equity allocations to maintain a constant risk profile for a client. Low valuations are opportunities to increase equity allocations without violating client guidance regarding risk.

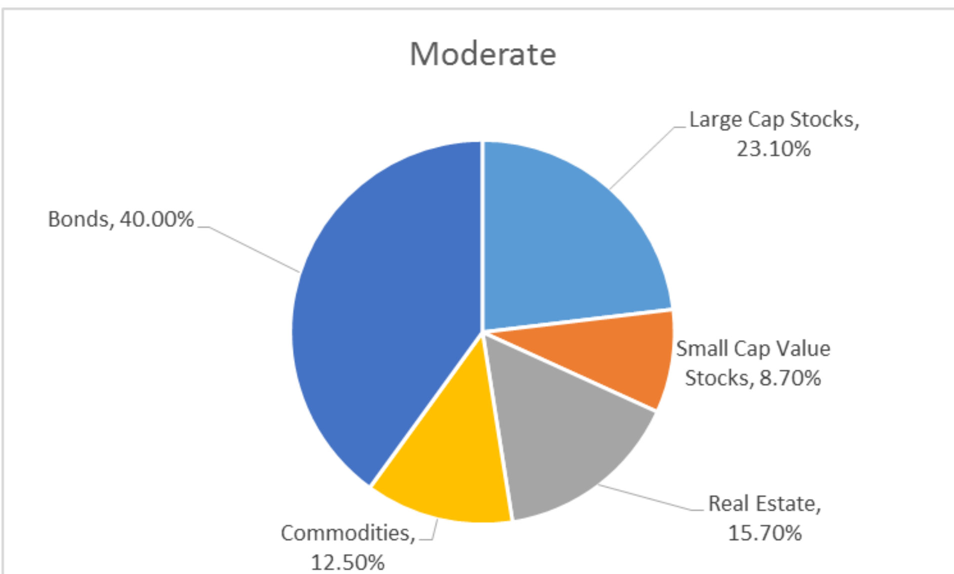
Momentum has been identified repeatedly as an exploitable factor in investing. We observe momentum within and across markets to adjust asset allocation.

Basic Portfolios:

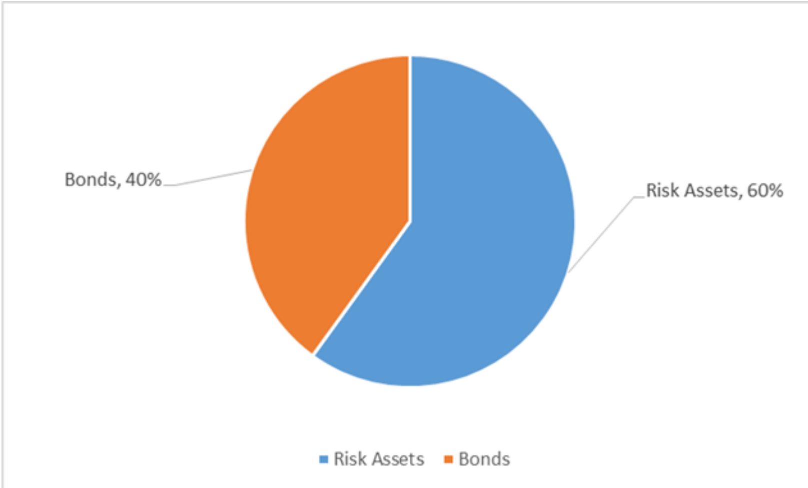
We use five basic Global Allocation portfolios based on risk tolerance:

1. **Aggressive**
2. **Moderately Aggressive**
3. **Moderate**
4. **Moderately Conservative**
5. **Conservative**

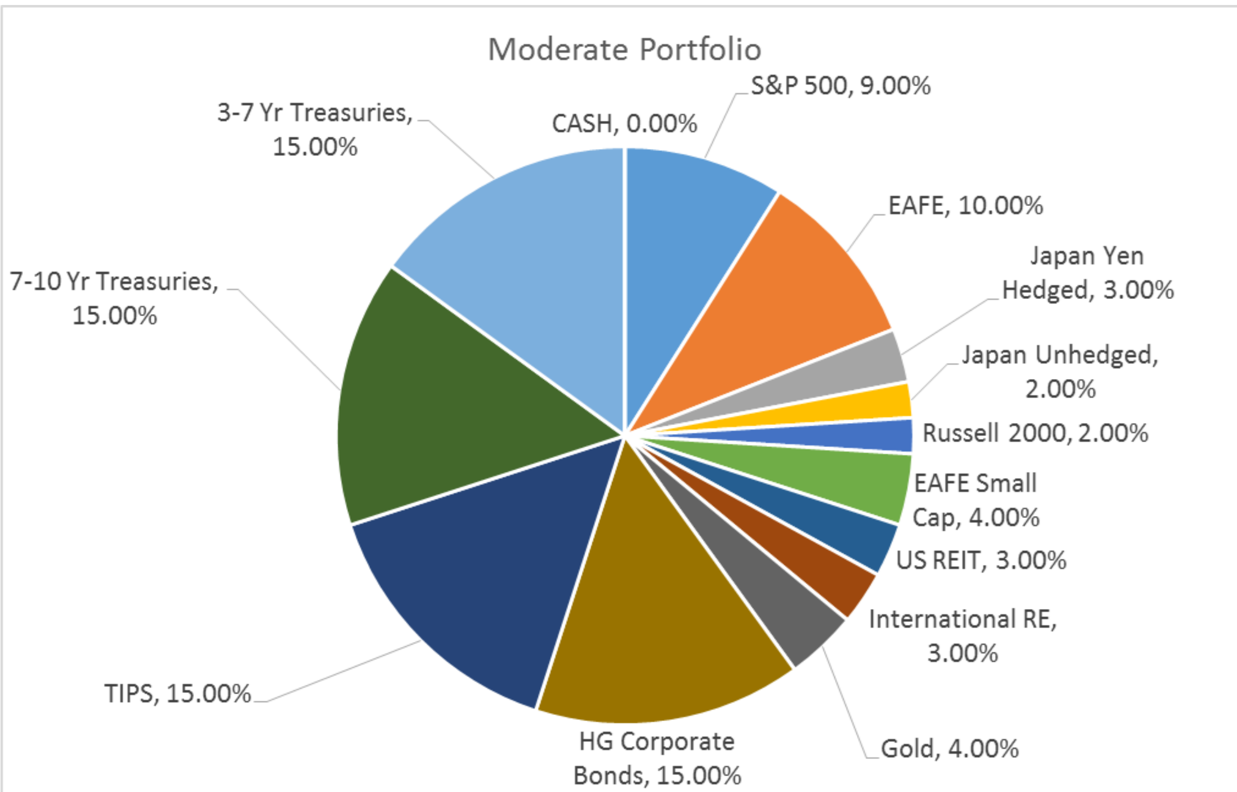
The allocation starts with 5 asset classes:



Using the four factors – valuation, momentum, yield curve and credit spreads – a risk budget is developed:



Baseline allocations are then refined based on valuation and momentum.



Account Size Considerations

Account size plays a role in the allocation process. Smaller accounts will generally be invested in a more passive approach to minimize costs. As accounts get larger more elements are added:

- **Accounts < $25,000** will be invested in a purely passive portfolio
- **Accounts > $25,000 but < $50,000** are allowed to add a momentum element to the portfolio, generally limited to less than 30% of the total.
- **Accounts > $50,000 but < $200,000** will generally be invested in the appropriate Global Allocation portfolio using ETFs.
- **Accounts > $200,000 but < $400,000**: Accounts that are moderate or more aggressive can add an individual stock component.
- **Accounts > $400,000** can utilize all account approaches regardless of risk tolerance.

Security Selection

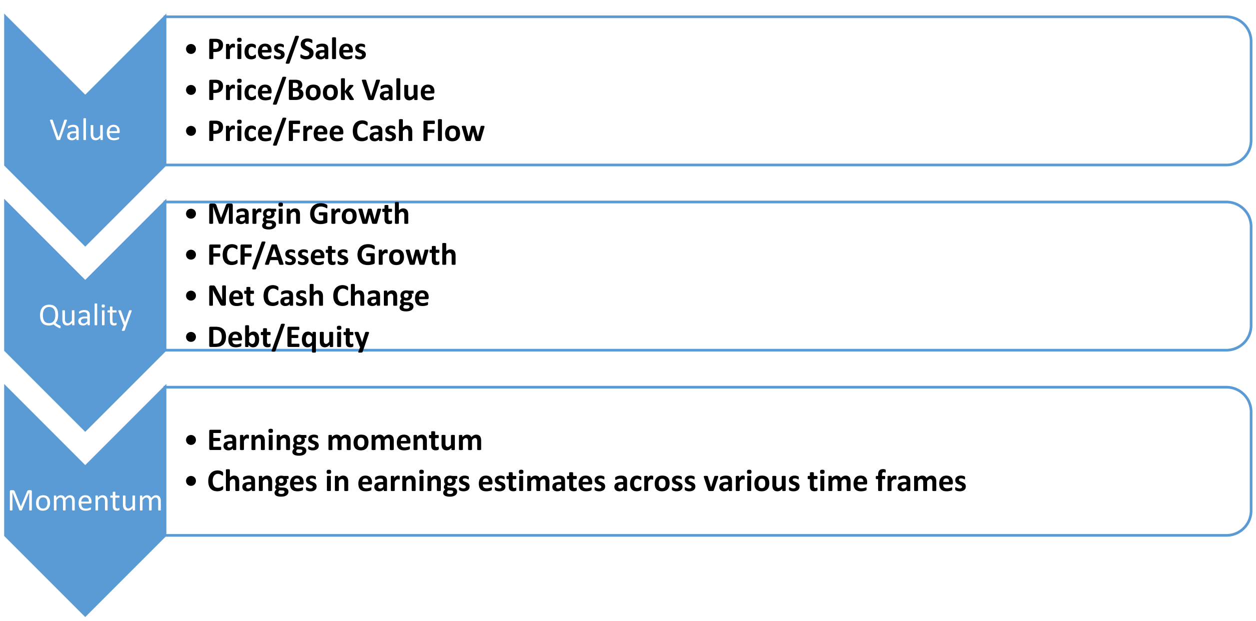
Once the asset allocation research is done, individual securities must be selected to fulfill the portfolio. For many accounts a portion or all of their portfolio will be constructed using ETFs that match the Global Asset Allocation portfolio for their risk tolerance.

For larger accounts, we use the core/satellite approach mentioned earlier. The core of the account will most likely be an ETF portfolio that matches the client's risk tolerance. The satellite portion will address specific pieces of the underlying allocation. Most often, a portion of the equity allocation will be diverted from an ETF to individual securities. Less often, a portion of the bond allocation will be diverted to individual securities. This is most often done when municipal – tax free – securities are preferred.

Alhambra's security selection process starts with our asset allocation model. The output of our macro-economic and financial market analysis is an input to our equity and fixed income selections.

Equities

Alhambra incorporates three elements into our stock selection process: Value, Quality and Momentum.



A set of buy and sell rules are then applied to the securities that survive this quantitative sorting. Loss limits are also implemented and when appropriate, risk control or hedging rules.

We also run various portfolios off this basic screen, adding other elements to produce different portfolios with different characteristics.

Dividend Growth portfolio, additional factors:

- **Earnings Yield**
- **ROI**
- **Interest coverage**
- **Dividend Yield**
- **Payout Ratio**
- **Dividend Growth**

This portfolio, which emphasizes dividends and dividend growth, produces a less volatile portfolio appropriate for more conservative investors.

Earnings Revision portfolio, additional factors:

- **Current Year Estimate revisions**
- **Next Year Estimate revisions**
- **Analyst coverage**

This portfolio, which emphasizes earnings estimate revisions, produces a more momentum oriented portfolio appropriate for more growth oriented investors.

Fixed Income Selection

Bond selection is accomplished through analysis of:

- **Shape of and evolution of the yield curve**
- **Credit spreads**
- **Momentum**

The yield curve and credit spreads help us to determine where we are in the business cycle. That dictates what types of fixed income securities we will buy and the overall duration of the portfolio. As we move through the business cycle the fixed income portfolio will evolve from taking credit risk in the early part of the cycle to taking duration risk in the late part of the cycle just before recession.

For efficiency reasons we generally use ETFs and funds for the fixed income portion of the portfolio. Exceptions are generally in corporate bonds, junk bonds and municipals. The general reduction in bond market liquidity since 2008 has provided opportunities as well as risks. Sellers of small bond positions – odd lots – are not able to obtain prices near round lot bids. We have been able to take advantage of that by purchasing these odd lots at below market prices with the intention of holding them to maturity. We see this frequently in the municipal bond market where there are a lot of small buyers. We see it less frequently in the corporate or junk bond market.

Commodities & Real Estate

Commodities and real estate are included in our portfolios generally as inflation protection. In general real assets such as commodities and real estate perform best in a weak dollar environment. These real assets are generally better than stocks or bonds at protecting purchasing power during the weak dollar/high inflation period.

We track real interest rates using the TIPS market and also monitor inflation expectations to judge when the dollar is likely to weaken and warrant an allocation to commodities. Falling real rates, especially once they turn negative, are highly correlated with the price of gold and the value of the dollar. Gold prices are more sensitive than other commodities to changes in the real rates and the value of the dollar.

REITs are our preferred vehicle for real estate exposure, although we do sometimes explore private real estate investments. The liquidity of publicly traded REITs does give them a powerful advantage though and we are reluctant to invest in illiquid projects. Real estate is a bit of a hybrid exposure in that it responds favorably to inflationary conditions but is also sensitive to economic growth.

The allocation to commodities and REITs is considered part of the risk portion of the portfolio. The allocation to these assets is determined by the factors just discussed but also through momentum analysis.

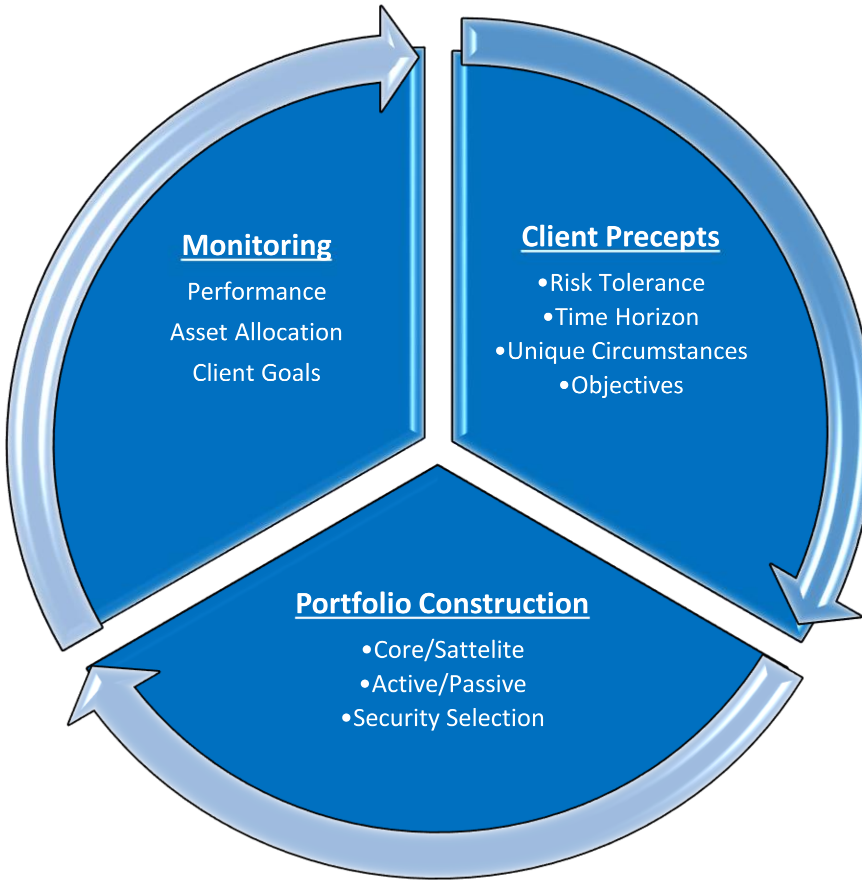
Momentum Portfolios

Alhambra has developed and tested a number of momentum based approaches to active portfolio management. These momentum based portfolios do not take into account any of the fundamental factors outlined in the above section. These portfolios are constructed based purely on recent performance with the expectation that assets that have outperformed recently will continue to do so. This momentum effect has been researched extensively in academia and is seen as an anomaly, an exception to the efficient market hypothesis. Momentum strategies are designed to take advantage of this anomaly.

Momentum portfolios are most often utilized within the satellite portion of the client portfolio. They are generally active strategies with high turnover rates and are not, therefore, tax efficient. These portfolios are most suitable for tax deferred accounts.

Conclusion

Portfolios at Alhambra are not uniform, one size fits all portfolios. Every client is different. So, while each portfolio will have common characteristics, they will also have subtle differences. For example, tax planning may dictate that one long term client may hold a security with a low cost basis that we are no longer actively buying for new clients. Some clients may have restrictions that prevent us from purchasing a particular type of security. We will work with you to develop a portfolio that fits your needs and takes into consideration all the factors that make your situation unique.



Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Alhambra Investment Management or the integrity of AIM's management. Alhambra Investment Management has no information applicable to this Item.

Item 10 – Other Financial Activities & Affiliations

Rafael A. Perez and George McArdle, minority shareholders of Alhambra Investment Partners, are members of the Florida Bar whose principal business is the practice of law. Mr. McArdle does not materially participate in the business of Alhambra Investment Management. Mr. Perez is an investment advisory representative Alhambra Investment Management. The company and its principals do not participate in any financial industry activities other than as investment advisors for Alhambra Investment Management.

Item 11 – Code of Ethics

Alhambra Investment Management has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at AIM must acknowledge the terms of the Code of Ethics annually, or as amended.

Alhambra Investment Management anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which AIM has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which AIM, its affiliates and/or clients, directly or indirectly, have a position of interest. AIM's employees and persons associated with AIM are required to follow AIM"s Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of Alhambra Investment Management and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for Alhambra Investment Management's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Alhambra Investment Management 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. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of Alhambra Investment Management's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the

Code of Ethics, and to reasonably prevent conflicts of interest between Alhambra Investment Management and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with AIM"s obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. Alhambra Investment Management will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

Alhambra Investment Management's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Joseph Calhoun.

It is Alhambra Investment Management's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. Alhambra Investment Management will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer. Alhambra Investment Management is not dually registered.

Item 12 – Brokerage Practices

Clients may utilize the custodian of their choice.

Alhambra Investment Management has an arrangement with National Financial Services LLC and Fidelity Brokerage Services LLC (collectively, and together with all affiliates, "Fidelity") through which Fidelity provides **Alhambra Investment Management** with "institutional platform services." The institutional platform services include, among others, brokerage, custody, and other related services. Fidelity's institutional platform services that assist **Alhambra Investment Management** in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Fidelity also offers other services intended to help **AIM** 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 **AIM** may contract directly.

Alhambra Investment Management is independently operated and owned and is not affiliated with Fidelity.

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

Fidelity is providing **Alhambra Investment Management** with certain brokerage and research products and services that qualify as "brokerage or research services" under Section 28(e) of the Securities Exchange Act of 1934 ("Exchange Act").

Alhambra Investment Management also has similar arrangements with FolioFN, TD Ameritrade and Charles Schwab.

Item 13 – Review of Accounts

Portfolios are reviewed continuously by Douglas Terry, AIM’s Chief Investment Officer, Joe Calhoun, CEO and Margarita Fernandez, Portfolio Manager, to ensure that portfolios conform to the risk profile of each client.

Clients receive monthly statements from their custodians. Quarterly performance reports are available upon request. Alhambra Investment Management communicates with clients frequently by email and letter. Alhambra Investment Management publishes a periodic review of economic and market conditions distributed by email. Communications are more frequent when market conditions warrant.

Item 14 – Client Referrals & Other Compensation

Alhambra Investment Management does not employ any paid solicitors.

Item 15 – Custody

Clients should receive at least quarterly statements from their broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. Alhambra Investment Management urges you to carefully review such statements and compare such official custodial records to any portfolio reports that we may provide to you. Our reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Neither Alhambra nor its related persons is deemed to have custody of, possession of or access to client assets.

Item 16 – Investment Discretion

Alhambra Investment Management 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.

When selecting securities and determining amounts, AIM observes the investment policies, limitations and restrictions of the client it advises. For registered investment companies, AIM's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Investment guidelines and restrictions must be provided to Alhambra Investment Management in writing.

Item 17 – Voting Client Securities

Clients may obtain a copy of Alhambra Investment Management's complete proxy voting policies and procedures upon request. Clients may also obtain information from AIM about how it voted any proxies on behalf of their account(s).

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Alhambra Investment Management's financial condition. Alhambra Investment Management has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

ALHAMBRA
INVESTMENTS