

Item 1: Cover Page



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**Part 2A of Form ADV
Firm Brochure**

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This brochure provides information about the qualifications and business practices of Exchange Capital Management, Inc. If you have any questions about the contents of this brochure, please contact us at 734-761-6500. 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. Registration with the SEC or state regulatory authority does not imply a certain level of skill or expertise.

Additional information about Exchange Capital Management, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Material Changes

This Firm Brochure is our disclosure document prepared according to regulatory requirements and rules. Consistent with the rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary. At this time there are no material changes.

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Item 4: Advisory Business

A. Exchange Capital Management, Inc.

Exchange Capital Management, Inc. ("Exchange Capital Management" and/or "the firm") is an independent investment advisory firm registered with the U.S. Securities & Exchange Commission. Located in Ann Arbor, Michigan, Exchange Capital Management was incorporated in 1989 and began operations early in 1990. The principal owners of the firm are Michael R. Reid, CFA and Kevin D. McVeigh, CFA.

B. Advisory Services Offered

B.1. Investment Advisory and Supervisory Services

Exchange Capital Management provides investment advisory and supervisory services for private clients, financial institutions, corporate clients, and foundations.

Our management philosophy emphasizes fundamental security and credit analysis with a strong preference for constructing diversified investment portfolios using individual stock and bond positions.

Although Exchange Capital Management customarily invests client assets using individual stocks and bonds, there may be occasions when for convenience, lack of critical mass, or meeting diversification requirements, we may invest your assets in mutual funds or exchange traded funds (ETFs). Additional information pertaining to our methods of analysis and investment strategies (including the risk of loss) is disclosed in Item 8.

The investment policy and financial planning services offered by Exchange Capital Management generally includes a quantitative assessment of your asset sufficiency over time and is intended to help you develop a written statement of investment policy to guide investment decisions. Although the financial planning services are available to you without additional charge, you may also elect to have these services performed by another financial professional or consultant, or to self direct your financial planning and investment policy activities.

Before making recommendations to you regarding a specific investment strategy, Exchange Capital Management will discuss the suitability of various alternatives within the context of your (i) liquid net worth, (ii) current annual earnings, (iii) savings rate, (iv) distribution or liquidity needs, (v) planned gifts to family members or charitable institutions, (vi) significant cash flows from sale of a business, inheritance, real estate or other purchases, (vii) executive stock options and restricted stock holdings, (viii) current and deferred tax obligations, and (ix) estate plan. Clients are asked to immediately notify Exchange Capital Management of material changes in your financial circumstances or condition. In most instances, the case analysis is reviewed on an annual basis and updated as needed. Clients should be aware that Exchange Capital Management does not render legal, tax, or accounting advice.

B.2. Financial Planning Services

Financial planning services are provided at no additional charge to clients who have contracted with the firm for investment advisory services. Clients will receive a written or oral report (depending on the client's preference) providing a basic financial plan designed to help achieve their stated financial goals and objectives. Based on the client's needs, financial planning services may include (but are not limited to) the following:

- Preparation of a recommended asset allocation that serves to diversify the client's portfolio among different categories of investments, such as domestic and international small, medium, and large capitalization securities; corporate and government fixed income (short-, intermediate-, and long-term maturities); emerging market securities (i.e., foreign issuers); real estate investment trusts; and such other alternative asset categories that are suitable in light of the client's investment goals, objectives, and risk tolerance.
- Preparation of an investment policy statement setting forth the client's investment plan, with specific direction in terms of diversification requirements, tax issues, estate planning issues, risk tolerance, retirement, and other identified objectives of the client, including a targeted rate-of-return objective.
- Preparation of a retirement plan that serves to identify whether the client is saving enough and investing in a way that meets retirement objectives in light of the client's financial circumstances and risk tolerance.
- Preparation of cash flow projections to ensure that the client can meet daily living expenses and obligations.
- Insurance planning to meet the needs of the client, taking into account family, business, and other financial objectives of the client.
- General family office and business consulting:
 - Retirement objectives
 - Philanthropy
 - Estate planning
 - Wealth transition
 - Business succession and related issues
 - Recommendation of third-party managers for use by the client

Exchange Capital Management gathers required information through in-depth personal interviews and questionnaires. Information gathered includes a client's current financial status, investment objectives, future goals, and attitudes toward risk. Related documents supplied by the client are carefully reviewed, and a report is prepared covering one or more of the above-mentioned topics as directed by the client.

C. Client-Tailored Services and Client-Imposed Restrictions

Each client's account will be managed on the basis of the client's financial situation and investment objectives and in accordance with any reasonable restrictions imposed by the client

on the management of the account—for example, restricting the type or amount of security to be purchased in the portfolio.

D. Wrap Fee Programs

Exchange Capital Management not participate in wrap fee programs. (Wrap fee programs offer services for one all-inclusive fee.)

E. Client Assets Under Management

As of December 31, 2018, Exchange Capital Management manages \$464,857,820 of discretionary assets and \$1,372,226 of non-discretionary assets.

Item 5: Fees and Compensation

A. Methods of Compensation and Fee Schedule

Exchange Capital Management is compensated by a management fee that is tied to the fair market value of investments under our supervision. Investment management services are billed quarterly and payable in advance. Management fees are based on the tiered market value of assets placed under management, with a minimum account size of \$500,000. In certain circumstances, the minimum account size may be waived solely at the discretion of management.

Schedule of Management Fees

<u>Assets Under Management</u>	<u>Annual Fee Rate*</u>
First \$ 2,000,000	115 Basis Points (1.15%)
Next \$ 3,000,000	95 Basis Points (0.95%)
Next \$ 5,000,000	65 Basis Points (0.65%)
Over \$10,000,000	35 Basis Points (0.35%)

For the purposes of calculating the management fee, clients that have multiple managed accounts will automatically have all accounts combined. The quarterly management fee is calculated by taking the fair market value of managed investments at the end of each quarter and multiplying the total by the tiered rate. That amount divided by four shall be the amount due to Exchange Capital Management as compensation for each quarterly period.

The specific manner in which fees are charged by Exchange Capital Management is established in a client's written agreement with Exchange Capital Management. Exchange Capital Management will generally bill its fees on a quarterly basis. Although it is not required, in most instances clients will authorize Exchange Capital Management to directly debit fees from the accounts managed. Clients may also elect to have the management fee for multiple accounts consolidated into a single invoice and directly debited from a designated account. However, unless specific instructions to directly debit consolidated fees from a designated account are made part of a client's written agreement with Exchange Capital Management fees will be directly debited from each account managed. Management fees shall not be prorated for each capital contribution and withdrawal made during the applicable calendar quarter. 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.

Amendments to the schedule of fees may be made by Exchange Capital Management at any time with written notice made to the client. In certain circumstances, Exchange Capital Management may negotiate the fee charged and/or the frequency and timing of payment. This would include substantial accounts and is at the sole discretion of Exchange Capital Management. The fee schedule published in this document supersedes all previously published schedules with the specific exception of negotiated fees.

Client advisory agreements are open ended (having no fixed termination date) and may be cancelled at the option of either party upon 30 days' written notice. Exchange Capital Management provides clients five (5) business days after signing an investment management agreement during which you, with written notice to Exchange Capital Management may terminate the agreement and receive a full refund. Upon termination of any account, any prepaid, unearned fees will be promptly refunded.

B. Client Payment of Fees

Exchange Capital Management requires clients to authorize the direct debit of fees from their accounts. Exceptions may be granted subject to the firm's consent for clients to be billed directly for our fees. For directly debited fees, the custodian's periodic statements will show each fee deduction from the account. Clients may withdraw this authorization for direct billing of these fees at any time by notifying us or their custodian in writing.

Exchange Capital Management will deduct advisory fees directly from the client's account provided that (i) the client provides written authorization to the qualified custodian, and (ii) the qualified custodian sends the client a statement, at least quarterly, indicating all amounts disbursed from the account. The client is responsible for verifying the accuracy of the fee calculation, as the client's custodian will not verify the calculation.

C. Additional Client Fees Charged

All fees paid for investment advisory services are separate and distinct from the fees and expenses charged by exchange-traded funds, mutual funds, separate account managers, private placement, pooled investment vehicles, broker-dealers, and custodians retained by clients. Such fees and expenses are described in each exchange-traded fund and mutual fund's prospectus, each separate account manager's Form ADV and Brochure and Brochure Supplement or similar disclosure statement, each private placement or pooled investment vehicle's confidential offering memoranda, and by any broker-dealer or custodian retained by the client. Clients are advised to read these materials carefully before investing. If a mutual fund also imposes sales charges, a client may pay an initial or deferred sales charge as further described in the mutual fund's prospectus. A client using Exchange Capital Management may be precluded from using certain mutual funds or separate account managers because they may not be offered by the client's custodian.

Please refer to the Brokerage Practices section (Item 12) for additional information regarding the firm's brokerage practices.

D. Prepayment of Client Fees

Exchange Capital Management generally requires fees to be prepaid on a quarterly basis. Exchange Capital Management's fees will either be paid directly by the client or disbursed to Exchange Capital Management by the qualified custodian of the client's investment accounts, subject to prior written consent of the client. The custodian will deliver directly to the client an

account statement, at least quarterly, showing all investment and transaction activity for the period, including fee disbursements from the account.

Client advisory agreements are open ended (having no fixed termination date) and may be cancelled at the option of either party upon 30 days' written notice. Exchange Capital Management provides clients five (5) business days after signing an investment management agreement during which you, with written notice to Exchange Capital Management may terminate the agreement and receive a full refund. Upon termination, any prepaid, unearned fees will be promptly refunded.

E. External Compensation for the Sale of Securities to Clients

Exchange Capital Management advisory professionals are compensated solely through a salary and bonus structure. Exchange Capital Management is not paid any sales, service or administrative fees for the sale of mutual funds or any other investment products with respect to managed advisory assets.

Item 6: Performance-Based Fees and Side-by-Side Management

Exchange Capital Management does not charge performance-based fees and therefore has no economic incentive to manage clients' portfolios in any way other than what is in their best interests.

Item 7: Types of Clients

Exchange Capital Management provides investment advisory and supervisory services for private clients, financial institutions, corporate clients, and foundations.

Exchange Capital Management generally requires a minimum account size of \$500,000. The firm, in its sole discretion, may waive the required minimum.

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

A. Methods of Analysis and Investment Strategies

Exchange Capital Management's approach to security analysis is growth and value oriented and is based upon an appraisal of the worth of an entire company considering such objective fundamental factors as turnover, margins, cash flow, returns on capital, tax rates, debt-to-equity ratios, and subjective variables including Exchange Capital Management's estimate of growth and dividend paying ability as well as our opinion of management. Charts are used for historical reference and to indicate trends, but are not relied upon as predictors of price appreciation or depreciation.

Exchange Capital Management uses its principal source of information materials prepared by companies, such as annual reports, and documents filed with regulatory agencies, such as SEC Form 10-Ks, 10-Qs, and 8-Ks. In addition, Exchange Capital Management subscribes to or has access to a wide range of statistical services and financial publications, and uses research prepared by various brokerage firms or independent research firms. Exchange Capital Management also seeks to have contact with the management of the companies in which it invests through participation in conference calls.

A.1. Material Risks of Investment Instruments

Exchange Capital Management may invest in individual equity and fixed income securities including open-end mutual funds and exchange-traded funds for the vast majority of its clients. Exchange Capital Management may effect transactions in the following types of securities:

- Equity securities
- Mutual fund securities
- Exchange-traded funds
- Fixed income securities
- Corporate debt securities, commercial paper, and certificates of deposit
- Municipal securities
- U.S. government securities
- Corporate debt obligations

A.2.a. Equity Securities

Investing in individual companies involves inherent risk. The major risks relate to the company's capitalization, quality of the company's management, quality and cost of the company's services, the company's ability to manage costs, efficiencies in the manufacturing or service delivery process, management of litigation risk, and the company's ability to create shareholder value (i.e., increase the value of the company's stock price). Foreign securities, in addition to the general risks of equity securities, have geopolitical risk, financial transparency risk, currency risk, regulatory risk and liquidity risk.

A.2.b. Mutual Fund Securities

Investing in mutual funds carries inherent risk. The major risks of investing in a mutual fund include the quality and experience of the portfolio management team and its ability to create fund value by investing in securities that have positive growth, the amount of individual company diversification, the type and amount of industry diversification, and the type and amount of sector diversification within specific industries. In addition, mutual funds tend to be tax inefficient and therefore investors may pay capital gains taxes on fund investments while not having yet sold the fund.

A.2.c. Exchange-Traded Funds (“ETFs”)

ETFs are investment companies whose shares are bought and sold on a securities exchange. An ETF holds a portfolio of securities designed to track a particular market segment or index. Some examples of ETFs are SPDRs[®], streetTRACKS[®], DIAMONDSSM, NASDAQ 100 Index Tracking StockSM (“QQQsSM”) iShares[®] and VIPERs[®]. The funds could purchase an ETF to gain exposure to a portion of the U.S. or foreign market. The funds, as a shareholder of another investment company, will bear their pro-rata portion of the other investment company’s advisory fee and other expenses, in addition to their own expenses.

Investing in ETFs involves risk. Specifically, ETFs, depending on the underlying portfolio and its size, can have wide price (bid and ask) spreads, thus diluting or negating any upward price movement of the ETF or enhancing any downward price movement. Also, ETFs require more frequent portfolio reporting by regulators and are thereby more susceptible to actions by hedge funds that could have a negative impact on the price of the ETF. Certain ETFs may employ leverage, which creates additional volatility and price risk depending on the amount of leverage utilized, the collateral and the liquidity of the supporting collateral.

Further, the use of leverage (i.e., employing the use of margin) generally results in additional interest costs to the ETF. Certain ETFs are highly leveraged and therefore have additional volatility and liquidity risk. Volatility and liquidity can severely and negatively impact the price of the ETF’s underlying portfolio securities, thereby causing significant price fluctuations of the ETF.

A.2.d. Fixed Income Securities

Fixed income securities carry additional risks than those of equity securities described above. These risks include the company’s ability to retire its debt at maturity, the current interest rate environment, the coupon interest rate promised to bondholders, legal constraints, jurisdictional risk (U.S or foreign) and currency risk. If bonds have maturities of ten years or greater, they will likely have greater price swings when interest rates move up or down. The shorter the maturity the less volatile the price swings. Foreign bonds have liquidity and currency risk.

A.2.e. Corporate Debt, Commercial Paper and Certificates of Deposit

Fixed income securities carry additional risks than those of equity securities described above. These risks include the company’s ability to retire its debt at maturity, the current interest rate

environment, the coupon interest rate promised to bondholders, legal constraints, jurisdictional risk (U.S or foreign) and currency risk. If bonds have maturities of ten years or greater, they will likely have greater price swings when interest rates move up or down. The shorter the maturity the less volatile the price swings. Foreign bonds also have liquidity and currency risk.

Commercial paper and certificates of deposit are generally considered safe instruments, although they are subject to the level of general interest rates, the credit quality of the issuing bank and the length of maturity. With respect to certificates of deposit, depending on the length of maturity there can be prepayment penalties if the client needs to convert the certificate of deposit to cash prior to maturity.

A.2.f. Municipal Securities

Municipal securities carry additional risks than those of corporate and bank-sponsored debt securities described above. These risks include the municipality's ability to raise additional tax revenue or other revenue (in the event the bonds are revenue bonds) to pay interest on its debt and to retire its debt at maturity. Municipal bonds are generally tax free at the federal level, but may be taxable in individual states other than the state in which both the investor and municipal issuer is domiciled.

A.2.g. U.S. Government Securities

U.S. government securities include securities issued by the U.S. Treasury and by U.S. government agencies and instrumentalities. U.S. government securities may be supported by the full faith and credit of the United States.

A.2.h. Corporate Debt Obligations

Corporate debt obligations include corporate bonds, debentures, notes, commercial paper and other similar corporate debt instruments. Companies use these instruments to borrow money from investors. The issuer pays the investor a fixed or variable rate of interest and must repay the amount borrowed at maturity. Commercial paper (short-term unsecured promissory notes) is issued by companies to finance their current obligations and normally has a maturity of less than nine months. In addition, the firm may also invest in corporate debt securities registered and sold in the United States by foreign issuers (Yankee bonds) and those sold outside the U.S. by foreign or U.S. issuers (Eurobonds).

B. Investment Strategy and Method of Analysis Material Risks

Our investment strategy is custom-tailored to the client's goals, investment objectives, risk tolerance, and personal and financial circumstances.

B.1. Margin Leverage

Although Exchange Capital Management, as a general business practice, does not utilize leverage, there may be instances in which exchange-traded funds, other separate account

managers and, in very limited circumstances, Exchange Capital Management will utilize leverage. In this regard please review the following:

The use of margin leverage enhances the overall risk of investment gain and loss to the client's investment portfolio. For example, investors are able to control \$2 of a security for \$1. So if the price of a security rises by \$1, the investor earns a 100% return on their investment. Conversely, if the security declines by \$.50, then the investor loses 50% of their investment.

The use of margin leverage entails borrowing, which results in additional interest costs to the investor.

Broker-dealers who carry customer accounts require a minimum equity requirement when clients utilize margin leverage. The minimum equity requirement is stated as a percentage of the value of the underlying collateral security with an absolute minimum dollar requirement. For example, if the price of a security declines in value to the point where the excess equity used to satisfy the minimum requirement dissipates, the broker-dealer will require the client to deposit additional collateral to the account in the form of cash or marketable securities. A deposit of securities to the account will require a larger deposit, as the security being deposited is included in the computation of the minimum equity requirement. In addition, when leverage is utilized and the client needs to withdraw cash, the client must sell a disproportionate amount of collateral securities to release enough cash to satisfy the withdrawal amount based upon similar reasoning as cited above.

Regulations concerning the use of margin leverage are established by the Federal Reserve Board and vary if the client's account is held at a broker-dealer versus a bank custodian. Broker-dealers and bank custodians may apply more stringent rules as they deem necessary.

B.2. Short-Term Trading

Although Exchange Capital Management, as a general business practice, does not utilize short-term trading, there may be instances in which short-term trading may be necessary or an appropriate strategy. In this regard, please read the following:

There is an inherent risk for clients who trade frequently in that high-frequency trading creates substantial transaction costs that in the aggregate could negatively impact account performance.

B.3. Short Selling

Exchange Capital Management generally does not engage in short selling but reserves the right to do so in the exercise of its sole judgment. Short selling involves the sale of a security that is borrowed rather than owned. When a short sale is effected, the investor is expecting the price of the security to decline in value so that a purchase or closeout of the short sale can be effected at a significantly lower price. The primary risks of effecting short sales is the availability to borrow the stock, the unlimited potential for loss, and the requirement to fund any difference between the short credit balance and the market value of the security.

B.4. Technical Trading Models

Technical trading models are mathematically driven based upon historical data and trends of domestic and foreign market trading activity, including various industry and sector trading statistics within such markets. Technical trading models, through mathematical algorithms, attempt to identify when markets are likely to increase or decrease and identify appropriate entry and exit points. The primary risk of technical trading models is that historical trends and past performance cannot predict future trends, and there is no assurance that the mathematical algorithms employed are designed properly, updated with new data, and can accurately predict future market, industry, and sector performance.

B.5. Option Strategies

Option strategies are limited generally to the sale of call options or the purchase of put options against underlying equity positions in order to limit risk and stabilize returns.

Various option strategies give the holder the right to acquire or sell underlying securities at the contract strike price up until expiration of the option. Each contract is worth 100 shares of the underlying security. Options entail greater risk but allow an investor to have market exposure to a particular security or group of securities without the capital commitment required to purchase the underlying security or groups of securities. In addition, options allow investors to hedge security positions held in the portfolio. For detailed information on the use of options and option strategies, please contact the Options Clearing Corporation for the current Options Risk Disclosure Statement.

Exchange Capital Management as part of its investment strategy may employ the following option strategies:

- Covered call writing
- Long call options purchases
- Long put options purchases

B.5.a. Covered Call Writing

Covered call writing is the sale of in-, at-, or out-of-the-money call option against a long security position held in the client portfolio. This type of transaction is used to generate income. It also serves to create downside protection in the event the security position declines in value. Income is received from the proceeds of the option sale. Such income may be reduced to the extent it is necessary to buy back the option position prior to its expiration. This strategy may involve a degree of trading velocity, transaction costs and significant losses if the underlying security has volatile price movement. Covered call strategies are generally suited for companies with little price volatility.

B.5.b. Long Call Option Purchases

Long call option purchases allow the option holder to be exposed to the general market characteristics of a security without the outlay of capital necessary to own the security. Options

are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss.

B.5.c. Long Put Option Purchases

Long put option purchases allow the option holder to sell or “put” the underlying security at the contract strike price at a future date. If the price of the underlying security declines in value, the value of the long put option increases. In this way long puts are often used to hedge a long stock position. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss.

C. Security-Specific Material Risks

There is an inherent risk for clients who have their investment portfolios heavily weighted in one security, one industry or industry sector, one geographic location, one investment manager, one type of investment instrument (equities versus fixed income). Clients who have diversified portfolios, as a general rule, incur less volatility and therefore less fluctuation in portfolio value than those who have concentrated holdings. Concentrated holdings may offer the potential for higher gain, but also offer the potential for significant loss.

You should be aware that investing in securities involves risk of loss that clients should be prepared to bear.

Item 9: Disciplinary Information

A. Criminal or Civil Actions

There is nothing to report on this item.

B. Administrative Enforcement Proceedings

There is nothing to report on this item.

C. Self-Regulatory Organization Enforcement Proceedings

There is nothing to report on this item.

Item 10: Other Financial Industry Activities and Affiliations

A. Broker-Dealer or Representative Registration

Neither Exchange Capital Management nor its affiliates, employees, or independent contractors are registered broker-dealers and do not have an application to register pending.

B. Futures or Commodity Registration

Neither Exchange Capital Management nor its affiliates are registered as a commodity firm, futures commission merchant, commodity pool operator or commodity trading advisor and do not have an application to register pending.

C. Material Relationships Maintained by this Advisory Business and Conflicts of Interest

Exchange Capital Management has no financial industry activities that are material to its advisory business.

D. Recommendation or Selection of Other Investment Advisors and Conflicts of Interest

Exchange Capital Management does not recommend separate account managers or other investment products in which it receives any form of referral or solicitor compensation from the separate account manager or client.

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

A. Code of Ethics Description

In accordance with the Advisers Act, Exchange Capital Management has adopted policies and procedures designed to detect and prevent insider trading. In addition, Exchange Capital Management has adopted a Code of Ethics (the "Code"). Among other things, the Code includes written procedures governing the conduct of Exchange Capital Management's advisory and access persons. The Code also imposes certain reporting obligations on persons subject to the Code. The Code and applicable securities transactions are monitored by the chief compliance officer of Exchange Capital Management. Exchange Capital Management will send clients a copy of its Code of Ethics upon written request.

Exchange Capital Management has policies and procedures in place to ensure that the interests of its clients are given preference over those of Exchange Capital Management, its affiliates and its employees. For example, there are policies in place to prevent the misappropriation of material non-public information, and such other policies and procedures reasonably designed to comply with federal and state securities laws.

B. Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest

Exchange Capital Management does not engage in principal trading (i.e., the practice of selling stock to advisory clients from a firm's inventory or buying stocks from advisory clients into a firm's inventory). In addition, Exchange Capital Management does not recommend any securities to advisory clients in which it has some proprietary or ownership interest.

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

Exchange Capital Management, its affiliates, employees and their families, trusts, estates, charitable organizations and retirement plans established by it may purchase the same securities as are purchased for clients in accordance with its Code of Ethics policies and procedures. The personal securities transactions by advisory representatives and employees may raise potential conflicts of interest when they trade in a security that is:

- owned by the client, or
- considered for purchase or sale for the client.

Such conflict generally refers to the practice of front-running (trading ahead of the client), which Exchange Capital Management specifically prohibits. Exchange Capital Management has adopted policies and procedures that are intended to address these conflicts of interest. These policies and procedures:

- require our advisory representatives and employees to act in the client's best interest

- prohibit fraudulent conduct in connection with the trading of securities in a client account
- prohibit employees from personally benefitting by causing a client to act, or fail to act in making investment decisions
- prohibit the firm or its employees from profiting or causing others to profit on knowledge of completed or contemplated client transactions
- allocate investment opportunities in a fair and equitable manner
- provide for the review of transactions to discover and correct any trades that result in an advisory representative or employee benefitting at the expense of a client.

Advisory representatives and employees must follow Exchange Capital Management's procedures when purchasing or selling the same securities purchased or sold for the client.

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

Exchange Capital Management, its affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans established by it may effect securities transactions for their own accounts that differ from those recommended or effected for other Exchange Capital Management clients. Exchange Capital Management will make a reasonable attempt to trade securities in client accounts at or prior to trading the securities in its affiliate, corporate, employee or employee-related accounts. Trades executed the same day will likely be subject to an average pricing calculation (please refer to Item 12.B.3 Order Aggregation). It is the policy of Exchange Capital Management to place the clients' interests above those of Exchange Capital Management and its employees.

Item 12: Brokerage Practices

A. Factors Used to Select Broker-Dealers for Client Transactions

A.1. Custodian Recommendations

Exchange Capital Management may recommend that clients establish brokerage accounts with Charles Schwab or Fidelity (“custodian”), FINRA registered broker-dealers, members SIPC, to maintain custody of clients’ assets and to effect trades for their accounts. Although Exchange Capital Management may recommend that clients establish accounts at the custodian, it is the client’s decision to custody assets with the custodian. Exchange Capital Management is independently owned and operated and not affiliated with custodian. For Exchange Capital Management client accounts maintained in its custody, the custodian generally does not charge 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 the custodian or that settle into custodian accounts.

Exchange Capital Management considers the financial strength, reputation, operational efficiency, cost, execution capability, level of customer service, and related factors in recommending broker-dealers or custodians to advisory clients.

In certain instances and subject to approval by Exchange Capital Management, Exchange Capital Management will recommend to clients certain other broker-dealers and/or custodians based on the needs of the individual client, and taking into consideration the nature of the services required, the experience of the broker-dealer or custodian, the cost and quality of the services, and the reputation of the broker-dealer or custodian. The final determination to engage a broker-dealer or custodian recommended by Exchange Capital Management will be made by and in the sole discretion of the client. The client recognizes that broker-dealers and/or custodians have different cost and fee structures and trade execution capabilities. As a result, there may be disparities with respect to the cost of services and/or the transaction prices for securities transactions executed on behalf of the client. Clients are responsible for assessing the commissions and other costs charged by broker-dealers and/or custodians.

A.1.a. How We Select Brokers/Custodians to Recommend

Exchange Capital Management seeks to recommend a custodian/broker who will hold client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, the following:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear, and settle trades (buy and sell securities for client accounts)
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)

- breadth of investment products made available (stocks, bonds, mutual funds, exchange-traded funds (ETFs), etc.)
- availability of investment research and tools that assist us in making investment decisions
- quality of services
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- reputation, financial strength, and stability of the provider
- their prior service to us and our other clients
- availability of other products and services that benefit us, as discussed below

A.1.b. Client's Custody and Brokerage Costs

For client accounts that the firm maintains, the custodian generally does not charge clients separately for custody services but is compensated by charging commissions or other fees on trades that it executes or that settle into the custodian's accounts. The custodian's commission rates applicable to the firm's client accounts were negotiated based on the firm's commitment to maintain a certain minimum amount of client assets at the custodian. This commitment benefits the client because the overall commission rates paid are lower than they would be if the firm had not made the commitment. In addition to commissions, the custodian charges a flat dollar amount as a "prime broker" or "trade away" fee for each trade that the firm has executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into the client's custodian account. These fees are in addition to the commissions or other compensation the client pays the executing broker-dealer. Because of this, in order to minimize the client's trading costs, the firm has the custodian execute most trades for the account.

A.1.c. Soft Dollar Arrangements

Exchange Capital Management does not utilize soft dollar arrangements. Exchange Capital Management does not direct brokerage transactions to executing brokers for research and brokerage services.

A.1.d. Institutional Trading and Custody Services

The custodian provides Exchange Capital Management with access to its institutional trading and custody services, which are typically not available to the custodian's retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a certain minimum amount of the advisor's clients' assets are maintained in accounts at a particular custodian. The custodian's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

A.1.e. Other Products and Services

Custodian also makes available to Exchange Capital Management other products and services that benefit Exchange Capital Management but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of Exchange Capital Management's accounts, including accounts not maintained at custodian. The custodian may also make available to Exchange Capital Management software and other technology that

- provide access to client account data (such as trade confirmations and account statements)
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- provide research, pricing and other market data
- facilitate payment of Exchange Capital Management's fees from its clients' accounts
- assist with back-office functions, recordkeeping and client reporting

The custodian may also offer other services intended to help Exchange Capital Management manage and further develop its business enterprise. These services may include

- compliance, legal and business consulting
- publications and conferences on practice management and business succession
- access to employee benefits providers, human capital consultants and insurance providers

The custodian may also provide other benefits such as educational events or occasional business entertainment of Exchange Capital Management personnel. In evaluating whether to recommend that clients custody their assets at the custodian, Exchange Capital Management may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers, and not solely the nature, cost or quality of custody and brokerage services provided by the custodian, which may create a potential conflict of interest.

A.1.f. Independent Third Parties

The custodian may make available, arrange, and/or pay third-party vendors for the types of services rendered to Exchange Capital Management. The custodian may discount or waive fees it would otherwise charge for some of these services or all or a part of the fees of a third party providing these services to Exchange Capital Management.

A.1.g. Additional Compensation Received from Custodians

Exchange Capital Management may participate in institutional customer programs sponsored by broker-dealers or custodians. Exchange Capital Management may recommend these broker-dealers or custodians to clients for custody and brokerage services. There is no direct link between Exchange Capital Management's participation in such programs and the investment advice it gives to its clients, although Exchange Capital Management receives economic benefits through its participation in the programs that are typically not available to

retail investors. These benefits may include the following products and services (provided without cost or at a discount):

- Receipt of duplicate client statements and confirmations
- Research-related products and tools
- Consulting services
- Access to a trading desk serving Exchange Capital Management participants
- Access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts)
- The ability to have advisory fees deducted directly from client accounts
- Access to an electronic communications network for client order entry and account information
- Access to mutual funds with no transaction fees and to certain institutional money managers
- Discounts on compliance, marketing, research, technology, and practice management products or services provided to Exchange Capital Management by third-party vendors

The custodian may also pay for business consulting and professional services received by Exchange Capital Management's related persons, and may pay or reimburse expenses (including client transition expenses, travel, lodging, meals and entertainment expenses for Exchange Capital Management's personnel to attend conferences). Some of the products and services made available by such custodian through its institutional customer programs may benefit Exchange Capital Management but may not benefit its client accounts. These products or services may assist Exchange Capital Management in managing and administering client accounts, including accounts not maintained at the custodian as applicable. Other services made available through the programs are intended to help Exchange Capital Management manage and further develop its business enterprise. The benefits received by Exchange Capital Management or its personnel through participation in these programs do not depend on the amount of brokerage transactions directed to the broker-dealer.

Exchange Capital Management also participates in similar institutional advisor programs offered by other independent broker-dealers or trust companies, and its continued participation may require Exchange Capital Management to maintain a predetermined level of assets at such firms. In connection with its participation in such programs, Exchange Capital Management will typically receive benefits similar to those listed above, including research, payments for business consulting and professional services received by Exchange Capital Management's related persons, and reimbursement of expenses (including travel, lodging, meals and entertainment expenses for Exchange Capital Management's personnel to attend conferences sponsored by the broker-dealer or trust company).

As part of its fiduciary duties to clients, Exchange Capital Management endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Exchange Capital Management or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Exchange Capital Management's recommendation of broker-dealers for custody and brokerage services.

A.1.h. The Firm's Interest in Schwab's Services

The availability of these services from the custodian benefits the firm because the firm does not have to produce or purchase them. The firm does not have to pay for the custodian's services so long as a certain minimum of client assets is kept in accounts at the custodian. This minimum of client assets may give the firm an incentive to recommend that clients maintain their accounts with the custodian based on the firm's interest in receiving the custodian's services that benefit the firm's business rather than based on the client's interest in receiving the best value in custody services and the most favorable execution of client transactions. This is a potential conflict of interest. The firm believes, however, that the selection of the custodian as custodian and broker is in the best interest of clients. It is primarily supported by the scope, quality, and price of the custodian's services and not the custodian's services that benefit only the firm.

A.2. Brokerage for Client Referrals

Exchange Capital Management does not engage in the practice of directing brokerage commissions in exchange for the referral of advisory clients.

A.3. Directed Brokerage**A.3.a. Exchange Capital Management Recommendations**

Exchange Capital Management typically recommends Charles Schwab or Fidelity as custodian for clients' funds and securities and to execute securities transactions on its clients' behalf.

A.3.b. Client-Directed Brokerage

Occasionally, clients may direct Exchange Capital Management to use a particular broker-dealer to execute portfolio transactions for their account or request that certain types of securities not be purchased for their account. Clients who designate the use of a particular broker-dealer should be aware that they will lose any possible advantage Exchange Capital Management derives from aggregating transactions. Such client trades are typically effected after the trades of clients who have not directed the use of a particular broker-dealer. Exchange Capital Management loses the ability to aggregate trades with other Exchange Capital Management advisory clients, potentially subjecting the client to inferior trade execution prices as well as higher commissions.

B. Aggregating Securities Transactions for Client Accounts**B.1. Best Execution**

Exchange Capital Management, pursuant to the terms of its investment advisory agreement with clients, has discretionary authority to determine which securities are to be bought and sold, and the amount of such securities, the executing broker, and the commission rates to be paid to effect such transactions. Exchange Capital Management recognizes that the analysis of execution quality involves a number of factors, both qualitative and quantitative. Exchange

Capital Management will follow a process in an attempt to ensure that it is seeking to obtain the most favorable execution under the prevailing circumstances when placing client orders. These factors include but are not limited to the following:

- The financial strength, reputation and stability of the broker
- The efficiency with which the transaction is effected
- The ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any)
- The availability of the broker to stand ready to effect transactions of varying degrees of difficulty in the future
- The efficiency of error resolution, clearance and settlement
- Block trading and positioning capabilities
- Performance measurement
- Online access to computerized data regarding customer accounts
- Availability, comprehensiveness, and frequency of brokerage and research services
- Commission rates
- The economic benefit to the client
- Related matters involved in the receipt of brokerage services

Consistent with its fiduciary responsibilities, Exchange Capital Management seeks to ensure that clients receive best execution with respect to clients' transactions by blocking client trades to reduce commissions and transaction costs. To the best of Exchange Capital Management's knowledge, these custodians provide high-quality execution, and Exchange Capital Management's clients do not pay higher transaction costs in return for such execution.

Commission rates and securities transaction fees charged to effect such transactions are established by the client's independent custodian and/or broker-dealer. Based upon its own knowledge of the securities industry, Exchange Capital Management believes that such commission rates are competitive within the securities industry. Lower commissions or better execution may be able to be achieved elsewhere.

B.2. Security Allocation

Since Exchange Capital Management may be managing accounts with similar investment objectives, Exchange Capital Management may aggregate orders for securities for such accounts. In such event, allocation of the securities so purchased or sold, as well as expenses incurred in the transaction, is made by Exchange Capital Management in the manner it considers to be the most equitable and consistent with its fiduciary obligations to such accounts.

Exchange Capital Management's allocation procedures seek to allocate investment opportunities among clients in the fairest possible way, taking into account the clients' best interests. Exchange Capital Management will follow procedures to ensure that allocations do not involve a practice of favoring or discriminating against any client or group of clients. Account performance is never a factor in trade allocations.

Exchange Capital Management's advice to certain clients and entities and the action of Exchange Capital Management for those and other clients are frequently premised not only on the merits of a particular investment, but also on the suitability of that investment for the particular client in light of his or her applicable investment objective, guidelines and circumstances. Thus, any action of Exchange Capital Management with respect to a particular investment may, for a particular client, differ or be opposed to the recommendation, advice, or actions of Exchange Capital Management to or on behalf of other clients.

B.3. Order Aggregation

Orders for the same security entered on behalf of more than one client will generally be aggregated (i.e., blocked or bunched) subject to the aggregation being in the best interests of all participating clients. Subsequent orders for the same security entered during the same trading day may be aggregated with any previously unfilled orders. Subsequent orders may also be aggregated with filled orders if the market price for the security has not materially changed and the aggregation does not cause any unintended duration exposure. All clients participating in each aggregated order will receive the average price and, subject to minimum ticket charges and possible step outs, pay a pro rata portion of commissions.

To minimize performance dispersion, "strategy" trades should be aggregated and average priced. However, when a trade is to be executed for an individual account and the trade is not in the best interests of other accounts, then the trade will only be performed for that account. This is true even if Exchange Capital Management believes that a larger size block trade would lead to best overall price for the security being transacted.

B.4. Allocation of Trades

All allocations will be made prior to the close of business on the trade date. In the event an order is "partially filled," the allocation will be made in the best interests of all the clients in the order, taking into account all relevant factors including, but not limited to, the size of each client's allocation, clients' liquidity needs and previous allocations. In most cases, accounts will get a pro forma allocation based on the initial allocation. This policy also applies if an order is "over-filled."

Exchange Capital Management acts in accordance with its duty to seek best price and execution and will not continue any arrangements if Exchange Capital Management determines that such arrangements are no longer in the best interest of its clients.

Item 13: Review of Accounts

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

Exchange Capital Management's investment management is designed to provide portfolios with continuous supervision based on the client's individually stated objectives. We attempt to maintain regular communication with clients to determine changes in their circumstances as they occur. Exchange Capital Management requests that clients contact us immediately if their financial situation, objectives or needs change. Accounts are formally reviewed at a minimum of twice each year by the relationship manager assigned to the client's account.

During the review process, we assess the client's stated goals and objectives, evaluate the strategy that has been employed, and consider the need to either adjust the strategy or rebalance the portfolio in light of changed circumstances. Account reviews may be triggered by periods of unusual market conditions, a specific client request, notification of a change in the client's goals and objectives, or as part of a regularly scheduled client meeting.

B. Review of Client Accounts on Non-Periodic Basis

Exchange Capital Management may perform ad hoc reviews on an as-needed basis if there have been material changes in the client's investment objectives or risk tolerance, or a material change in how Exchange Capital Management formulates investment advice.

C. Content of Client-Provided Reports and Frequency

Clients receive quarterly reports which provide a complete listing of all open positions, securities purchased, sold, or matured in the period, realized gains & losses, and all interest, dividends and expenses recorded in the client's account. Clients also receive performance analysis reports which display the time weighted rates of return realized in your account. For clients with more complex and sophisticated investment strategies, more frequent reviews and analysis may be required. This may include index-based performance monitoring, asset/liability analysis, and other types of analysis designed to show progress toward the client's previously established account objectives.

The client's independent custodian provides account statements directly to the client no less frequently than quarterly. The custodian's statement is the official record of the client's securities account and supersedes any statements or reports created on behalf of the client by Exchange Capital Management.

Item 14: Client Referrals and Other Compensation

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

Exchange Capital Management participates in the Schwab Institutional and Fidelity Investment's Advisor Channel customer programs. Consequently, Exchange Capital Management may recommend these customer programs to clients. Neither Schwab Institutional nor Fidelity Investments supervises Exchange Capital Management's management of clients' portfolios or other advice or services. In some instances, Exchange Capital Management pays Schwab Institutional fees to participate in specific customer programs offered through Schwab Institutional. These include client referrals received through the Schwab Advisor Network. Exchange Capital Management does not pay Fidelity Investments fees to participate in their Advisor Channel customer program.

There is no direct link between Exchange Capital Management's participation in any Schwab Institutional's programs or any of Fidelity Investments programs and the investment advice it gives to its clients. Exchange Capital Management does receive economic benefit through its participation in these programs that are typically not available to Schwab's or Fidelity's retail investors. These benefits may include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Exchange Capital Management participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Exchange Capital Management by third party vendors.

Schwab Institutional and Fidelity Investments may also have paid for business consulting and professional services received by Exchange Capital Management's employees and may also pay or reimburse expenses (including travel, lodging, meals and entertainment expenses) for Exchange Capital Management's personnel to attend conferences or meetings relating to these programs or to either Schwab Institutional's and Fidelity Investment's advisor custody and brokerage services generally. Some of the products and services made available through these programs benefit Exchange Capital Management but may not benefit its client accounts. These products or services may assist Exchange Capital Management in managing and administering your accounts, including accounts not maintained at Schwab Institutional or Fidelity Investments.

Other services made available by Schwab Institutional and Fidelity Investments are intended to help Exchange Capital Management manage and further develop its business enterprise. The benefits received by Exchange Capital Management or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to Schwab

Institutional or Fidelity Investments. As part of its fiduciary duties to clients, Exchange Capital Management endeavors at all times to put the interests of our clients first. You should be aware however, that the receipt of economic benefits by Exchange Capital Management or its related persons in and of itself creates a potential conflict of interest that may directly or indirectly influence Exchange Capital Management's choice of Schwab Institutional or Fidelity Investments for custody and brokerage services.

Exchange Capital Management receives client referrals from Charles Schwab & Co., Inc., through Exchange Capital Management's participation in the Schwab Advisor Network (the "Service"). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer unaffiliated with Exchange Capital Management. Schwab does not supervise Exchange Capital Management and has no responsibility for Exchange Capital Management's management of clients' portfolios or any other advice or services we may provide to you. Exchange Capital Management pays Schwab fees to receive client referrals through the Service and our participation in the Service may raise potential conflicts of interest.

You should be aware that Exchange Capital Management's investment advisory fee where revenue is shared with a third party solicitor is never more than the advisory fee you would pay had you not been referred by a third party firm.

B. Advisory Firm Payments for Client Referrals

While Exchange Capital Management currently has no active solicitor arrangements, the firm may enter into agreements with solicitors who will refer prospective advisory clients to Exchange Capital Management in return for a portion of the ongoing investment advisory fee. Such arrangements will comply with the cash solicitation requirements SEC: of Rule 206(4)-3 under the Investment Advisers Act of 1940. Generally, these requirements require the solicitor to have a written agreement with Exchange Capital Management. The solicitor must provide the client with a disclosure document describing the fees it receives from Exchange Capital Management, whether those fees represent an increase in fees that Exchange Capital Management would otherwise charge the client, and whether an affiliation exists between Exchange Capital Management and the solicitor.

Item 15: Custody

Exchange Capital Management is considered to have custody of client assets for purposes of the Advisers Act for the following reasons:

- The client authorizes us to instruct their custodian to deduct our advisory fees directly from the client's account. The custodian maintains actual custody of clients' assets.
- Our authority to direct client requests, utilizing standing instructions, for wire transfer of funds for first-party money movement and third-party money movement (checks and/or journals, ACH, Fed-wires). The firm has elected to meet the SEC's seven conditions to avoid the surprise custody exam, as outlined below.
 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.

Individual advisory clients will receive at least quarterly account statements directly from their custodian containing a description of all activity, cash balances, and portfolio holdings in their accounts. Clients are urged to compare the account balance(s) shown on their account statements to the quarter-end balance(s) on their custodian's monthly statement. The custodian's statement is the official record of the account.

Item 16: Investment Discretion

Clients may grant a limited power of attorney to Exchange Capital Management with respect to trading activity in their accounts by signing the appropriate custodian limited power of attorney form. In those cases, Exchange Capital Management will exercise full discretion as to the nature and type of securities to be purchased and sold, and the amount of securities for such transactions. Investment limitations may be designated by the client as outlined in the investment advisory agreement.

Item 17: Voting Client Securities

Exchange Capital Management does not take discretion with respect to voting proxies on behalf of its clients. Exchange Capital Management will endeavor to make recommendations to clients on voting proxies regarding shareholder vote, consent, election or similar actions solicited by, or with respect to, issuers of securities beneficially held as part of Exchange Capital Management supervised and/or managed assets. In no event will Exchange Capital Management take discretion with respect to voting proxies on behalf of its clients.

Except as required by applicable law, Exchange Capital Management will not be obligated to render advice or take any action on behalf of clients with respect to assets presently or formerly held in their accounts that become the subject of any legal proceedings, including bankruptcies.

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. Exchange Capital Management has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. Exchange Capital Management also has no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, Exchange Capital Management has no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by clients.

Where Exchange Capital Management receives written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by a client, it will forward all notices, proof of claim forms, and other materials to the client. Electronic mail is acceptable where appropriate and where the client has authorized contact in this manner.

Item 18: Financial Information

A. Balance Sheet

Exchange Capital Management does not require the prepayment of fees of \$1200 or more, six months or more in advance, and as such is not required to file a balance sheet.

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

Exchange Capital Management does not have any financial issues that would impair its ability to provide services to clients.

C. Bankruptcy Petitions During the Past Ten Years

There is nothing to report on this item.