



**Chicago Capital Management Advisors, LLC**

WEALTH MANAGEMENT FOR EVERY STAGE OF LIFE

# Form ADV II, Schedule H

## Section III

**This brochure provides clients with information about Chicago Capital Management Advisors, LLC (CCMA) and the CCMA Internal Management Program that should be considered before becoming a client of the CCMA Internal Management Program. This information has not been approved or verified by any governmental authority.**

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# 1

## DESCRIPTION OF THE PROGRAM

CHICAGO CAPITAL MANAGEMENT ADVISORS, L.L.C. ("CCMA"), a Federal registered Investment advisor, operates an advisory service called the CCMA *Internal Management Program* (the "Program"). CCMA provides investment advisory services for an asset-based charge (the "Fee") that pays for CCMA's services as well as the payment of brokerage and custodial costs for accounts held by the Broker-Dealer/Custodian.

### **Equity Portfolios (minimum \$50,000)**

Chicago Capital Management Advisors uses a "bottoms-up" approach, which is a fundamental screening of companies for positive attributes we feel are needed in today's market. Once we have our "list" of the companies we balance the portfolios to the risk tolerance profile of each client. From conservative to the most aggressive, accounts are built individually with the client's goals and risk tolerance in mind.

### **Fixed Income Portfolios (minimum \$100,000)**

Clients with more need for current income than growth require a structured portfolio composed of a "ladder" of income vehicles weighted, again, by the risk tolerance of the client. From Government Bonds to Corporate Junk Bonds, the yield and risks are weighed and a "ladder" of cascading maturities is put in place to give the client the income and liquidity they require.

## **Equity Portfolios Structures Summary**

### **Aggressive Growth Portfolio**

A focus on stocks with minimal to no dividends, with above average risk/return ratios. A combination of market focus and bottoms-up fundamentals will be used in evaluation. The market capital will vary but will be focused on companies that re-invest most of their cash flow or available cash into the growth of the business.

### **Alternative Energy Portfolio**

A portfolio of stocks, preferred stocks, and convertible income securities of companies that we believe will benefit most from increased use of alternative energies in the United States. Portfolios will be customized to each client's growth/risk expectation within the strict conflicts of an industry sector group.

### **Sector Rotation Portfolio:**

The portfolio seeks to invest in different sectors to capture the trends of each sector not detected by the market. The sectors that have the highest potential to appreciate are chosen and a representative basket of stocks or an Exchange Traded Fund for that sector is purchased. Because such sectors are in a different business cycle from other sectors or the market itself, we hope to benefit by taking advantage from the divergent business cycles.

### **Dividend / Growth Portfolio**

A portfolio of dividend and income paying investments with a goal of generating a yield above that of the S&P 500 while maintaining a goal of long term capital appreciation. Investments will include, bonds, CD's, preferred stocks, common stocks, and closed end funds. Portfolios will be customized to each clients Dividend/Growth requirements and growth/risk expectations.

### **Income / Dividend Portfolio**

A portfolio of income and dividend paying investments with a goal of generating a yield above that of a ladder portfolio, 1-10 year treasuries, while having the potential for providing long term capital appreciation. Investment may include bonds, CD's, preferred stocks, common stocks, and closed end funds. Portfolios will be customized based on each client's income requirements and growth/risk expectations.

### **Asset Allocation Portfolio**

A portfolio of equity and fixed income positions tailored to meet the Client's specific risk profile. Portfolios will be balanced to the clients' current level of risk tolerance to allow the clients to achieve their goals for return within the risk volatility with which they are comfortable. The weighting of the portfolio, from Aggressive to Conservative, depends on the current income requirement versus the growth rate needed for the future.

If CCMA is unable to identify investments sufficient to result in a client's portfolio being fully invested, an account may hold cash, money-market funds, or similar securities until such time as further appropriate investments are available. In addition, CCMA may, normally to a limited extent, purchase bonds, warrants, U.S. Government securities, sell short securities, and buy and sell options of any kind, as determined by consultations with clients. A client participating in the Program will sign an investment advisory agreement (the "Agreement") with CCMA and will open a brokerage account with CCMA's designated Broker-Dealer/Custodian, which will retain custody of all client securities and cash or cash equivalents. If the client desires a different custodian that is agreeable to CCMA, CCMA will arrange for such custodian to accept transaction orders from CCMA as necessary in order for CCMA to perform the services described herein. In the event that a client chooses his or her own custodian, the client will be responsible for all custodial fees and charges. The client may contribute cash and/or marketable securities that are acceptable to CCMA in an amount equal in value to at least \$50,000 for an Equity Account and \$100,000 for a Fixed Income account.

CCMA may waive this minimum in its sole discretion. CCMA may liquidate and re-invest the proceeds of any securities that are transferred into an account by a client, unless the client specifically instructs CCMA to the contrary. CCMA will direct CCMA's Broker-Dealer/Custodian to execute purchase and sale orders and follow all other instructions of CCMA with regard to such accounts. CCMA will pay all custody and brokerage fees for transactions executed through CCMA's Broker-Dealer/Custodian in connection with the Program. A miscellaneous and mail charge of \$7.00 will be charged on each transaction and CCMA will retain concessions from fixed price offerings such as "public offerings" or "private placements" where no price improvement or discount is possible. CCMA does not charge performance fee. CCMA's Broker-Dealer/Custodian will forward confirmations of all purchases and sale orders to both the client and to CCMA.

CCMA recognizes its duty to treat clients fairly and equitably. CCMA may aggregate trades for several clients, for one or more securities, in order to achieve an equitable price for each client. On any given day, all clients participating in an aggregated trade will receive the same price. Partially filled orders may be allocated on a pro rata basis or using another predetermined formula intended to result in a fair and equitable allocation. In addition, CCMA's

Broker-Dealer/Custodian will provide basic administrative services to clients. These administrative services will include the processing, pursuant to CCMA's instructions and client authorizations, of deposits to and withdrawals from accounts. CCMA's Broker-Dealer/Custodian will also send clients monthly statements reflecting trading activity, management fees and also provide annual U.S. tax reporting information. CCMA will review accounts on a monthly basis at minimum.

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### FEES

Clients in the Program pay a monthly fee computed on an annualized basis in accordance with the following schedule:

**CCMA Internal Management fees are on a sliding schedule by portfolio type and complexity.**

**Equity Portfolios & Asset Allocation Portfolios:**

Minimum \$50,000-99,999	2.50%
\$100,000-249,999	2.25%
\$250,000-499,999	2.00%
\$500,000-999,999	1.75%
\$1,000,000-4,999,999	1.50%
\$5,000,000 Plus	1.00%

**Fixed Income Portfolios:**

Minimum \$100,000-249,999	1.25%
\$250,000-999,999	1.00%
\$1,000,000 Plus	0.75%

- \* The above Fee Schedule is based on the total asset per household and is negotiable.
- \* A miscellaneous and mail charge of \$7.00 on each transaction.
- \* CCMA will retain concessions from fixed price offerings such as “public offerings” or “private placements” where no price improvement or discount is possible.
- \* CCMA does not charge performance fee.

### **Minimum Requirements for Accounts**

The minimum amount required to open an Equity Account is \$50,000, whereas the minimum amount to open an Asset Allocation and a Fixed Income account is \$100,000. Accounts that fall below the required size will be evaluated as to whether they are part of a family group that has met the minimums and other circumstances that may only be temporary.

All fees are negotiable at the discretion of CCMA. Considerations will include, among others, whether the client has related accounts or has a specific investment objective requiring significant investments in cash, cash equivalents, investment grade, or fixed income securities.

CCMA recommends that its clients to use CCMA's Broker-Dealer/Custodian on the basis of its financial strength, reputation, execution, pricing, research and service. CCMA's Broker-Dealer/custodian offers CCMA the opportunity to obtain many no-load mutual funds without transaction charges to the clients and other no-load and load waived funds at nominal transaction charges.

Other than a miscellaneous and mail charge of \$7.00 on each transaction, the fee covers all services rendered by CCMA under the Program, including all brokerage commissions for transactions executed through CCMA's Broker-Dealer/Custodian. Disclaimer: Results include management fees. All investments are subject to risk. Returns may be affected due to incidence of tax on distributable capital gains/losses, short-term gains/losses, dividends and money-market interest in non-qualified accounts. All information represents past performance, which may have no representation for future results. Results are not audited and not AIMR certified. The fees will be paid in twelve Annual installments, with the first installment due upon execution of the Program contract and will be assessed pro rata in the event that the contract is executed at any time other than the first business day of a calendar month. Thereafter, for each succeeding calendar month the Fee shall be payable in advance on the First business day of the month and shall be based on the average daily net asset value of the account during the previous calendar month. The client will authorize the custodian to deduct the fee from the client's account and pay the fee directly to CCMA. CCMA is responsible for verifying the accuracy of the calculation of the fee.

Clients may terminate participation in the Program by providing CCMA with written notice. Client terminating his participation in the Program within five business days of opening the account will receive a full refund of the Fee. Otherwise, the client will receive a pro rata refund of any prepaid fee. CCMA will charge \$22 per transaction to liquidate positions holding in Client's portfolio. If a client were to purchase services similar to those offered in the Program separately, he or she would be required to pay brokerage commissions, custodial fees (if any), and investment advisory fees. Consequently, the Program may cost a client more or less than purchasing the services separately. Factors bearing on the relative cost of the Program that would be relevant when considering the alternative of purchasing the services offered in the Program separately include the trading activity in a client's account and the corresponding brokerage commissions that would be charged for execution of trades, and the fees charged for investment advisory services under the Program. The Program Fee includes not only the fee of CCMA, but also all custody and brokerage



commissions for transactions executed through CCMA's Broker-Dealer/Custodian, less a miscellaneous and mail charge of \$7.00 on each transaction.

Portfolio investing should never be approached from a short-term perspective. The CCMA program encompasses complete portfolio design and balancing to arrive at a client portfolio that will perform to the client's risk tolerance. To accomplish this requires time and substantial initial transaction expenses that are borne by CCMA. In the rare case (for the first two years) that a client requires CCMA to liquidate a portion of the portfolio for other than planned cash flow requirements, the client will bear the costs for that liquidation which could include; commissions, exchange fees and miscellaneous transaction costs for those positions closed or adjusted to generate the assets requested by Client.

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## BACKGROUND OF INVESTMENT PERSONNEL

### MICHAEL R. GRADY

**Mr. Grady is President and Chief Investment Officer of CCMA**

**Mr. Grad has 69.52% ownership in CCMA and spends 50% of his business time in CCMA activities.**

Michael R. Grady Born: 1962

Education: Graduated from Northern Illinois University in 1985 with a B.S. in Finance

Licensed Insurance Agent with the State of Illinois since 10/90

Registered Representative for A.G. Edwards & Sons, Inc. From 8/90 to 4/94

Registered Representative/Executive Vice President for Lexington Securities, Inc. From 4/94 to 6/95

Registered Representative/Executive Vice President for Madison Securities, Inc. From 6/95 to 12/96

Registered Representative of LaSalle St. Securities, LLC. From 12/96 to Present

President of LaSalle St. Capital Markets, Inc. From 1/97 to present

Registered Principal of Chicago Capital Management Advisors, LLC. From 01/2003 to Present

100% ownership in LCM Holdings, Inc. From 11/02 to Present (Originally formed to hold interest in LaSalle St. Capital Markets, Inc. and to make loans to entities when needed.)

75.2% ownership of LaSalle St. Capital Markets, Inc through LCM Holdings, Inc. (LaSalle St. Capital Markets, Inc. provides research, web-site, and consulting services to LaSalle St. Securities, LLC and Chicago Capital Management Advisors, LLC., and is the primary employer for the analyst of the Adviser to which it bills the adviser hourly for her time.)

50% ownership in Midwest Capital Management, LLC. (Provides administration and accounting services and acts as managing member for LCMH Technology Investment, LLC. and Revitalight Operators, LLC.)

50% ownership in Chicago Capital Investment Group, Inc. (DBA Chicago Business Managers, LLC.)

50% ownership in Kando Partners, Inc.

41.667% ownership in Main St. Professional Building, LLC.

### Dan O'Halloran

**Daniel Patrick O'Halloran is a Principal of CCMA.**

**Mr. O'Halloran has 30.48% ownership in CCMA and spends 25% of his business time in CCMA's activities.**

Daniel Patrick Ohalloran Born: 1959

Education: Graduated from University of Kentucky in 1982 with a B.A.

Licensed Insurance Agent with the State of Illinois

Registered Representative of Baron Chase Securities, Inc. From 09/1990 to 11/2000

Registered Representative of LaSalle St. Securities, LLC. From 11/2000 to Present

Registered Principal with Chicago Capital Management Advisors, LLC. From 11/2004 to Present

50% ownership in Chicago Capital Investment Group, Inc. (DBA Chicago Business Managers, LLC.)

50% ownership in Kando Partners, Inc.

41.667% ownership in Main St. Professional Building, LLC.

#### Michael Singer

#### **Michael D. Singer, M.D. is an Internal Portfolio Manager for CCMA**

Michael Singer Born: 1950

Education: Graduated from University of Michigan with a degree in science, Medical Degree from Wayne State University College of Medicine. Earned board certification in Anesthesiology in 1986 and specialized in Anesthesia for open-heart surgery and level-one trauma care.

Dr. Singer decided on a major career change which allowed him to follow his family's financial footsteps and Dr. Singer founded Singer, Leemon and Associates, Inc., a state registered Investment Advisory firm in Michigan.

Licensed Insurance Agent State of Michigan.

Registered with Linsco/Private Ledger Corp. From 02/1994 to 01/1999

Registered Representative with LaSalle St. Securities, LLC From 1/1999 to present.

Registered with LaSalle St. Investment Advisors, LLC 06/2002 to 08/2008

Registered with Chicago Capital Management Advisors, LLC as an Internal Portfolio Manager, operating from office in Troy, Michigan From 04/2008 to present.

#### Barry Glasgow

#### **Barry Joseph Glasgow is a Portfolio Manager with CCMA**

Barry Joseph Glasgow Born: 1943

Education: Attended Adams State College, Alamosa, Colorado and Elmhurst College, Elmhurst, Illinois

Licensed Insurance Agent with State of Illinois

Principal Gonski & Glasgow Investments From 03/1991 to 04/1998

Vice-President and Portfolio Manager, LCM Capital Management, Inc. 04/1998 to 06/2002

President of Glasgow Capital Management, Inc., a Business Consulting Company. From 01/2003 to Present

Registered Representative Berry-Shino Securities, Inc. From 05/1996 to 04/1998  
Registered Representative of LaSalle St. Securities, LLC. From 05/1998 to Present

Registered with Chicago Capital Management Advisors, LLC as an Internal Portfolio Manager. From 09/2006 to Present

Karen Tang

Education: Graduated from University of Illinois of Chicago with an MBA specialized in Financial Accounting

Registered as an Investment Analyst with Chicago Capital Management Advisors, LLC. From 08/2008 to present

Passed CFA III in 2005

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### **POTENTIAL CONFLICTS OF INTEREST**

CCMA will determine the broker-dealer for the client, unless the client specifically requests a broker-dealer. In the event that CCMA determines that LaSalle St. Securities, LLC, will be custodian there may be a potential conflict of interest due to transactions generated through LaSalle St. Securities, LLC.

Each Principal of CCMA is a registered representative of LaSalle St. Securities, L.L.C.. Each Principal will not receive commissions for transactions generated for CCMA Clients when trades are executed through LaSalle St. Securities, L.L.C. as part of the CCMA Agreement.

However, CCMA may retain concessions from fixed price offerings such as “public offerings” and “private placements” where no price improvement or discount is possible to be applied against transaction cost to keep cost down on clients’ side.

No CCMA solicitors who are also registered representatives of LaSalle St. Securities, LLC, will receive commissions on any transactions executed for their referred accounts.

At any given time, the employees of CCMA may own securities, which are purchased for current CCMA clients.