

## **Firm Brochure**

(Part 2A of Form ADV)

**ATLANTIC CAPITAL MANAGEMENT, INC.**

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This brochure provides information about the qualifications and business practices of Atlantic Capital Management, Inc.. If you have any questions about the contents of this brochure, please contact us at: 508-893-0872, or by email at: [ctobey@acminc.org](mailto:ctobey@acminc.org). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

Additional information about Atlantic Capital Management is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

March 31, 2011

# Material Changes

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## Annual Update

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

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## Material Changes since the Last Update

The U.S. Securities and Exchange Commission issued a final rule in July 2010 requiring advisers to provide a Firm Brochure in narrative “plain English” format. The new final rule specifies mandatory sections and organization.

If you were previously a Client of Atlantic Capital Management, this brochure dated March 31, 2011 is a new document prepared according to new regulations and rules. As such, this document is materially different in structure and requires certain new information that Atlantic Capital Management’s previous brochure did not require. In the future, this item will discuss only specific material changes that we make to our brochure and provide you with a summary of such changes. We will also reference the date of our last annual update of our brochure.

This is Atlantic Capital Management’s first brochure and therefore we have not made any material changes. We review and update our brochure at least annually to make sure that it remains current.

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## Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: 508-893-0872 or by email at: [ctobey@acminc.org](mailto:ctobey@acminc.org).

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# Advisory Business

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## **Firm Description**

Atlantic Capital Management, Inc. ("Atlantic Capital Management" or "ACM") was founded in 1992.

ACM provides investment management services for individuals, trusts, endowments, pension and profit-sharing plans, retirement plans and other legal entities. In general, ACM seeks to provide maximum after-tax, risk adjusted returns over long term time horizons consistent with Clients' investment objectives, which investment objectives take into account Clients' desired risk levels, investment constraints and flexibility.

Investment advice is provided, with the Client making the final decision on investment objective. ACM does not act as a custodian of Client assets. The Client always maintains control of his or her assets.

A written evaluation of each Client's initial situation may be provided to the Client, often in the form of an investment policy statement. Periodic reviews are also communicated to provide reminders of the specific courses of action that need to be taken. More frequent reviews occur but are not necessarily communicated to the Client unless immediate changes are recommended.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by the Client on an as-needed basis. ACM may recommend other professionals to the Client. Conflicts of interest with respect to such recommendations will be disclosed to the Client in the unlikely event they should occur.

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## **Principal Owners**

William C. Newell is the sole owner of ACM.

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## **Types of Advisory Services**

Atlantic Capital Management provides investment supervisory services, also known as investment management services, to Clients. This means that ACM provides its Clients with regular and continuous investment advice which is particularly tailored to that Client's investment needs.

ACM also provides financial planning services. ACM provides financial analysis consistent with the individual Client's economic circumstances as well as tax status and risk / reward objectives. Planning may focus on investments, insurance, taxes, and / or employee benefits.

On more than an occasional basis, ACM furnishes advice to Clients on matters not involving securities, such as financial planning matters, taxation issues, and trust services that often include estate planning.

As of December 31, 2010, Atlantic Capital Management manages approximately \$83 million in assets for approximately 150 Clients. All of these assets are managed on a discretionary basis.

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**Tailored Relationships**

The goals and objectives for each Client are documented in our Client File. Investment policy statements may be created that reflect the stated goals and objective. Clients may impose reasonable restrictions on investing in certain securities (for example, stocks) or types of securities (for example, stocks of foreign issuers). Clients are advised to promptly notify ACM if there are ever any changes in their financial situation or if they wish to impose any reasonable restrictions upon ACM's management services.

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**Types of Agreements**

The following agreements define the typical Client relationships.

Agreements may not be assigned without Client consent. Transactions which do not result in an actual change in control or management are not considered an assignment.

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**Investment Management Agreement**

Most Clients choose to have Atlantic Capital Management manage their assets in order to obtain ongoing in-depth advice and life planning. ACM will conduct an initial interview with Clients during which a member of ACM will obtain information to determine the Client's financial situation and investment objectives. This information will lead to the design of a model appropriate for the Client's financial needs, time horizon, risk tolerance and investment objectives. Recommendations will be made to invest in a portfolio of securities, generally in the Stock, Bond, REIT, Commodity and Currency markets.

In general, ACM seeks to provide maximum after-tax, risk adjusted returns over long term time horizons consistent with Clients' investment objectives, which investment objectives take into account Clients' desired risk levels, investment constraints and flexibility. ACM pursues its Clients' investment objectives by strategically investing Client accounts in multiple asset classes. In circumstances where ACM may not have the requisite investment expertise, it may invest a portion of a Client's account in registered investment companies or other investment vehicles, including exchange traded funds, mutual funds or alternative private funds (e.g., hedge funds).

The scope of work and fee for an Investment Management Agreement is provided to the Client in writing prior to the start of the relationship. An Investment Management Agreement includes fully discretionary fee only investment management and quarterly performance review reporting.

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**Financial Advisory Agreement**

A financial plan is designed to help the Client with all aspects of financial planning without ongoing investment management after the financial plan is completed.

ACM provides financial analysis and planning services to evaluate securities, taxes, estate planning, insurance, retirement planning, personal investments, financing options cash flow, company benefits, divorce planning, and any other financial aspects of their lives. In general, financial planning will address any one of all of the following areas of concern:

**PERSONAL:** family records, budgeting, personal liability, estate information and financial goals.

**TAX & CASH FLOW:** Income tax and spending analysis, planning for past, current and future years. Will illustrate the impact of various investments on current income tax and future tax liability,

**DEATH & DISABILITY:** cash needs at death, income needs or surviving dependents, estate planning and disability income analysis.

**RETIREMENT:** analysis of current strategies and investment plans to help the Client achieve their retirement goals.

**INVESTMENTS:** analysis of investment alternatives and their effect on a Client's portfolio. Asset allocation analysis and recommendations.

ACM will gather required information through in-depth personal interviews concerning the Client's current financial status, future goals and attitudes toward risk. A written analysis is presented to the Client with recommendations to show the Client how to reach their goals. Implementation is entirely at the Client's discretion and requires the Client to work closely with his / her attorney, accountant, insurance agent and stock broker.

ACM may also act as the sole presenter of financial seminars. These seminars may include presentations on financial planning, estate planning, investment planning, insurance strategies, business planning, long term care



or retirement planning. ACM charges a seminar fee to those in attendance ranging from \$50 - \$1,000. Attendees will not be advisory Clients of ACM until the Client has executed a Financial Advisory Agreement.

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**Investment Management**

Assets are invested primarily in both listed and non-listed securities, usually through custodians or investment companies. Fund companies charge each fund shareholder an investment management fee that is disclosed in the fund prospectus. Custodians may charge a transaction fee for the purchase of some funds.

Securities may be purchased or sold through a brokerage account when appropriate. The brokerage firm charges a fee for security trades.

Investments may also include: equities (stocks), municipal securities, investment company securities (variable annuities, and mutual funds shares), U. S. government securities, and ETFs.

ACM may also offer Clients advice on various types of private placements if such securities would meet a Client's investment objectives and risk tolerance.

Initial public offerings (IPOs) are not available through Atlantic Capital Management.

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**Termination of Agreement**

A Client may terminate any of the aforementioned agreements at any time by notifying ACM in writing and paying the rate for the time spent on the investment advisory engagement prior to notification of termination. If the Client made an advance payment, ACM will refund any unearned portion of the advance payment. If termination occurs within five (5) business days of entering into an agreement for services, the Client is entitled to a full refund.

ACM may terminate any of the aforementioned agreements at any time by notifying the Client in writing. If the Client made an advance payment, ACM will refund any unearned portion of the advance payment.

Upon notice of termination, ACM will await further instructions from the Client as to what steps Client requests to liquidate and / or transfer the portfolio and remit the proceeds. Upon instructions received, ACM will instruct the Client's broker-dealer, mutual fund sponsors and others to liquidate and / or transfer all or a portion of the portfolio. ACM can make no representation regarding puts, holds, or other investment features that may limit a Client's ability to liquidate or transfer all or a portion of the portfolio. In these cases, ACM will consider their agreement terminated as per the language in the agreement and stated here. For information on features that may limit or impair the

ability to sell or transfer an asset, the Client is advised to review the prospectus or offering document.

The agreement for financial planning terminates upon delivery of the financial analysis or plan. At that time, the Client will be invoiced for time involved in plan preparation. The Client may terminate a financial advisory agreement without penalty prior to completion of the written financial analysis or plan.

ACM reserves the right to terminate any agreement where a Client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate, in ACM's judgment, to providing proper financial advice or investment management services.

## **Fees and Compensation**

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### **Description**

Atlantic Capital Management bases its fees on a percentage of assets under management, hourly charges and fixed fees. Lower fees for comparable services may be available from other sources.

Account fee rates are established in ACM's fee schedule. The fee schedule provides that rates range from 0.50% to 1.50%. ACM may also charge a minimum fee. In general, fees are non-negotiable. ACM reserves the right to negotiate fees with Clients that differ from the fee schedule and may charge fees at a rate higher or lower than the fee schedule based on the level and character of the services provided. ACM reserves the right in its sole discretion to waive its fees with respect to any Client.

The exact fees charged for these services will be specified in a Client agreement executed before service begins.

Fees for financial advisory services are computed at an hourly rate of \$300.00.

Fees are negotiable for Clients who implement securities and / or insurance through the advisors of ACM in their capacity as registered representatives of Purshe Kaplan Sterling Investments or as licensed insurance agents.

Fees are negotiable and may be waived in the sole discretion of ACM. ACM may manage our employees; and/or family accounts for a reduced fee or free of charge.

Under certain circumstances, ACM may agree to charge solicited clients of certain Institutional Partners a flat fee that may be less than its customary rate because of the volume of business referred to, or promised to be referred to

ACM by such Institutional Partners, as discussed further under **Client Referrals and Other Compensation – Incoming Referrals**.

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**Fee Billing**

Investment management fees are billed quarterly, in advance, meaning that we invoice you before the three-month billing period has begun. Payment in full is expected upon invoice presentation. Fees are usually deducted from a designated Client account to facilitate billing. The Client must consent in advance to direct debiting of their investment account.

ACM will typically pro rate fees for accounts where the investment management agreement is initiated or terminated on a date creating less than a full quarter of investment management for either the initial or final month of the agreement, and fees not earned may be refunded to the Client. ACM reserves the right not to pro rate fees in such circumstances.

Fees for financial plans are billed upon completion and delivery of the written financial analysis or plan.

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**Other Fees**

ACM does not provide custody services or take custody of a Client's assets. Consequently, Clients may be charged additional fees by a third party custodian for the custodian's services.

ACM recommends that Clients establish accounts with TD Ameritrade Institutional, a division of TD Ameritrade, Inc. ("TD Ameritrade"), a FINRA-registered broker-dealer, member SIPC/NFA, to maintain custody of Clients' assets and to effect trades for their accounts. Although ACM may recommend that Clients establish accounts at TD Ameritrade, it is the Client's decision to custody assets with TD Ameritrade. ACM is independently owned and operated and not affiliated with TD Ameritrade.

In addition, any mutual fund shares held in your account may be subject to deferred sales charges, 12b-1 fees, short-term redemption fees, and other mutual fund annual expenses. The fees and expenses are fully described in the fund's prospectus. All fees paid to ACM for our services are separate and distinct from the fees and expenses charged by mutual funds. Mutual funds pay advisory fees to their managers and such fees are therefore indirectly charged to all holders of the mutual fund shares. If you have mutual funds in your portfolio, you are effectively paying both ACM and the mutual manager for the management of their assets.

Clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and / or tax ramifications.

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### **Expense Ratios**

Mutual funds generally charge a management fee for their services as investment managers. The management fee is called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company charges 0.5% for their services. These fees are in addition to the fees paid by you to ACM.

## **Performance-Based Fees**

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### **Sharing of Capital Gains**

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

ACM does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the Client.

## **Types of Clients**

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### **Description**

ACM generally provides investment advice to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations or business entities.

Client relationships vary in scope and length of service.

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### **Account Minimums**

ACM does not impose a minimum portfolio size or minimum annual fee, although ACM's services are best suited for clients with investment management of \$500k or more,

## **Methods of Analysis, Investment Strategies and Risk of Loss**

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### **Methods of Analysis**

ACM employs technical analysis methods for evaluating securities. Technical analysis believes that historical performance of stocks and markets are indications of future performance. ACM will also utilize fundamental analysis methods. A fundamental analysis of a security attempts to measure intrinsic value by examining related economic, financial and other qualitative and quantitative factors.

ACM uses a disciplined, systematic system for investment management. ACM approaches portfolio construction in a top down manner. Fundamentally ACM looks at the overall economy in an attempt to gain some consensus on the forces which will move the markets in the upcoming year. ACM's technical analysis looks at the strength of the major markets and the strength of the numerous sectors within these markets. Based upon both fundamental and technical analysis, ACM develops its risk managed (RM) portfolios and updates them as economic or technical factors change during the year.

The main sources of information include financial newspapers and magazines, research materials prepared by others, and corporate rating services. ACM may also rely on third-party asset allocation sources for securities analysis methods and as sources of information for determining investment strategies.

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### **Investment Strategies**

The investment strategy for a specific Client is based upon the objectives stated by the Client during consultations. The Client may change these objectives at any time. Each Client executes an investment policy statement that documents their objectives and their desired investment strategy.

In general, ACM seeks to provide maximum after-tax, risk adjusted returns over long term time horizons consistent with Clients' investment objectives, which investment objectives take into account Clients' desired risk levels, investment constraints and flexibility. ACM pursues its Clients' investment objectives by strategically investing Client accounts in multiple securities markets. In circumstances where ACM may not have the requisite investment expertise, it may invest a portion of a Client's account in registered investment companies or other investment vehicles, including exchange traded funds, mutual funds or alternative private funds (e.g., hedge funds).

ACM has several risk managed portfolios with the major ones being RM Conservative, RM Moderate, and RM Aggressive. Each risk managed portfolio is broadly diversified within markets, sectors, and securities. The individual positions typically number 20 to 25 in each portfolio. ACM will willingly overweight sectors which are strong and underweight sectors which are weak, but there is still a fair amount of sector and industry diversification within each RM portfolio.

Other strategies may include long-term purchases and short-term purchases.

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## **Risk of Loss**

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

## Disciplinary Information

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### Legal and Disciplinary

ACM is required to disclose whether there are legal or disciplinary events that are material to a Client's or a prospective Client's evaluation of our advisory business or the integrity of our management. ACM and its employees have not been involved in legal or disciplinary events related to past or present investment Clients.

## Other Financial Industry Activities and Affiliations

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### Financial Industry Activities

William C. Newell is principal and sole stock holder of ACM. He holds FINRA Series 7, 24, 63 and 65 licenses and is a Registered Principal with Purshe Kaplan Sterling Investments ("PKS"), a FINRA-registered broker-dealer. In such capacity, he may offer securities and receive normal and customary commissions as a result of securities transactions. This presents a conflict of interest to the extent that he recommends that a Client invest in a security which results in a commission being paid to him.

William C. Newell is a licensed agent through many insurance companies. In such capacity, he may offer insurance products and receive normal and customary commissions as a result of such a purchase. This presents a conflict of interest to the extent that he recommends the purchase of an insurance product which results in a commission being paid to him as an insurance agent.

## Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

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### Code of Ethics

The employees of ACM have committed to a Code of Ethics that is available for review by Clients and prospective Clients upon request. ACM will provide a copy of the Code of Ethics to any Client or prospective Client upon request.

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### Participation or Interest in Client Transactions

ACM and its employees may buy or sell securities that are also held by Clients. Employees may not trade their own securities ahead of Client trades. Employees comply with the provisions of ACM's *Compliance Manual*.

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## Personal Trading

The Chief Compliance Officer of ACM is William C. Newell. He reviews all employee trades each quarter. His trades are reviewed by Christopher Tobey. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that Clients of ACM receive preferential treatment. Since most employee trades are mutual fund trades or exchange-traded fund trades, the trades do not affect the securities markets.

## Brokerage Practices

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### Selecting Brokerage Firms

ACM recommends custodians based on the proven integrity and financial responsibility of ACM and the best execution of orders at reasonable commission rates.

ACM may recommend that Clients establish brokerage accounts with PKS, a registered broker-dealer, Member SIPC, to effect trades for their accounts. Certain members of ACM are registered representatives of PKS.

ACM generally recommends that Clients utilize the brokerage and clearing services of TD Ameritrade for investment management accounts. ACM participates in the TD Ameritrade Institutional program. TD Ameritrade is an independent and unaffiliated SEC-registered broker-dealer. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. ACM receives some benefits from TD Ameritrade through its participation in the program. (Please see the disclosure under **Other Compensation** below.)

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### Best Execution

ACM reviews the execution of trades at the custodian each quarter. The review requirements are documented in ACM's *Compliance Manual*.

In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Consistent with the foregoing, while ACM will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for Client transactions.

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### Order Aggregation

As a general rule, ACM trades are aggregated to ensure best execution for client. Aggregation or "batching" such orders may allow ACM to negotiate



more favorable commission rates, or to allocate equitably among ACM's Clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among ACM's Clients pro rata to the purchase and sale orders placed for each Client on any given day. ACM will not receive any additional compensation as a result of the aggregation of orders.

ACM is not obligated to aggregate orders and may decide to execute Client orders independently.

## **Review of Accounts**

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### **Periodic Reviews**

Firm Client accounts are reviewed on a regular basis by the investment advisory representative responsible for the account. There is no specific sequence in which accounts are reviewed. Rather, an ongoing review is in place. Additional reviews are initiated when, as, and if, market conditions dictate, Client circumstances warrant, or any other pertinent factors surface. Thus, the frequency of reviews depends on the foregoing. Reviews are undertaken in context with a Client's current investment policy guidelines, individual security analysis and Client investment considerations.

In addition to the foregoing, all Client accounts are viewed in a formal annual audit process by all portfolio managers. This process audits and documents the account's compliance with asset allocation ranges, risk levels, legal and tax constraints and any other restrictions or provisions set forth in the accounts investment process.

Financial planning Clients may schedule periodic financial reviews subject to the hourly rate. Reviews may encompass one or all of the following services: Estate Analysis, Retirement Analysis, Tax Analysis, College Analysis, Net Worth and Cash Flow Analysis, Investment Analysis, Insurance Analysis and / or Employee Benefits Analysis. All Client plans are periodically reviewed by ACM. Triggering factors include but are not limited to: changes in Client circumstances, market activity, economic trends, political trends, interest rate changes and other "street factors."

The purpose of financial reviews is to update and to keep the Client informed. Reviews assess the Client's financial progress and any need for change or alteration due to personal or environmental circumstances. ACM requires a Client review meeting at least annually.

Once per year a Client's unaudited Networth and Cash Flow statements are revised and mailed for revision.

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### **Review Triggers**

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

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### **Regular Reports**

Clients receive a monthly or quarterly report furnished by their custodian. When requested, ACM may also provide a portfolio review containing much the same information. Such information typically includes holdings, cost data, current market values and yield/income estimates.

Those Clients to whom ACM provides financial planning and/or consulting services will receive reports from ACM summarizing its analysis and conclusions as requested by the Client or otherwise agreed to in writing by ACM.

## **Client Referrals and Other Compensation**

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### **Incoming Referrals**

If a Client is introduced to ACM by either an unaffiliated or an affiliated solicitor, ACM may pay that solicitor a referral fee.

ACM may receive client referrals from TD Ameritrade through its participation in TD Ameritrade AdvisorDirect. In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, ACM may have been selected to participate in AdvisorDirect based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with ACM and there is no employee or agency relationship between them. TD Ameritrade has established AdvisorDirect as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. TD Ameritrade does not supervise ACM and has no responsibility for ACM's management of client portfolios or ACM's other advice or services. ACM pays TD Ameritrade an on-going fee for each successful client referral. This fee is usually a percentage (not to exceed 25%) of the advisory fee that the client pays to ACM ("Solicitation Fee"). ACM will also pay TD Ameritrade the Solicitation Fee on any advisory fees received by ACM from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hired Advisor on the recommendation of such referred client. ACM will not charge clients referred through AdvisorDirect any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to TD Ameritrade to its clients. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade AdvisorDirect Disclosure and

Acknowledgement Form. ACM's participation in AdvisorDirect raises potential conflicts of interest. TD Ameritrade will most likely refer clients through AdvisorDirect to investment advisors that encourage their clients to custody their assets at TD Ameritrade and whose client accounts are profitable to TD Ameritrade. Consequently, in order to obtain client referrals from TD Ameritrade, ACM may have an incentive to recommend to clients that the assets under management by ACM be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. In addition, ACM has agreed not to solicit clients referred to it through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. ACM's participation in AdvisorDirect does not diminish its duty to seek best execution of trades for client accounts.

ACM will use the services of Institutional Partners who may act as Solicitors. These Institutional Partners will either be a Registered Investment Advisor or an Investment Advisor Representative. The Institutional Partner's primary role is to introduce and assist each Solicited Client in establishing a relationship with ACM which will include introducing prospective clients and providing information to those prospective clients about ACM.

The Institutional Partner will interview each potential client prior to the referral of such potential client to ACM in order to ascertain the potential client's financial situation, investment goals and objectives, investment limitations, reasonable restrictions and overall risk tolerance. The Institutional Partner will document the findings of such interview.

Institutional Partner is compensated by receiving a solicitation fee equal to 0% to 1.25% of the annual account value (calculated quarterly in advance) which a Solicited Client pays in connection with opening and maintaining an ACM advisory account. This results in a differential in the management fees charged by ACM for accounts referred by the Institutional Partner.

However, the investment management fee is not more than the management fee charged by ACM to its other clients with similar size accounts receiving similar services for which ACM is actively seeking similar referral or solicitation arrangements. Except for the differential in ACM's management fee, no additional charges or costs are incurred by a client by virtue of Institutional Partner's involvement.

The Institutional Partners are not authorized to manage or assist ACM in the management of a Solicited Client's investment advisory account; however, in connection with their participation, they will periodically receive copies account statements which permit them to monitor a Solicited Client's account.

The Institutional Partner is responsible for providing each Solicited Client with a copy of the Institutional Partners Written Disclosure Document and a copy of ACM's Firm Brochure (ADV Part 2A) as required by Rule 204-3 of the Investment Advisers Act. The Institutional Partner will provide to ACM a signed receipt of the Institutional Partners Written Disclosure Document showing that each Solicited Client was provided with these disclosures prior to or at the time of entering into an investment advisory agreement with ACM.

ACM engages in a solicitor arrangement with the accounting firm of Bonanno, Savino, Davies, P.C.

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**Referrals Out**

ACM may receive direct remuneration or indirect benefits from other professionals when a prospect or client is referred to them.

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**Other Compensation**

As disclosed above, ACM participates in TD Ameritrade's institutional customer program and ACM may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between ACM's participation in the program and the investment advice it gives to its Clients, although ACM receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits 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 Firm 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 ACM by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by ACM's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit ACM but may not benefit its Client accounts. These products or services may assist ACM in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help ACM manage and further develop its business enterprise. The benefits received by ACM or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to Clients, ACM endeavors at all times to put the

interests of its Clients first. Clients should be aware, however, that the receipt of economic benefits by ACM or its related persons in and of itself creates a potential conflict of interest and may indirectly influence ACM's choice of TD Ameritrade for custody and brokerage services.

ACM also receives from TD Ameritrade certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment Advisors participating in the program. Specifically, the Additional Services include Orion Advisor Services. TD Ameritrade provides the Additional Services to ACM in its sole discretion and at its own expense, and ACM does not pay any fees to TD Ameritrade for the Additional Services. Advisor and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.

ACM's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to ACM, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, ACM's Client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with ACM, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, ACM may have an incentive to recommend to its Clients that the assets under management by ACM be held in custody with TD Ameritrade and to place transactions for Client accounts with TD Ameritrade. ACM's receipt of Additional Services does not diminish its duty to act in the best interests of its Clients, including to seek best execution of trades for Client accounts.

## **Custody**

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### **Account Statements**

All assets are held at a qualified custodian, which means the custodian provide account statements directly to Clients at their address of record at least quarterly.

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### **Performance Reports**

Clients are urged to compare the account statements received directly from their custodians to the quarterly performance report statements provided by ACM.

## Investment Discretion

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### Discretionary Authority for Trading

ACM accepts discretionary authority to manage securities accounts on behalf of Clients. ACM has the authority to determine, without obtaining specific Client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold.

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

Discretionary trading authority facilitates placing trades in your accounts on your behalf so that we may promptly implement the investment policy that you have approved in writing.

## Voting Client Securities

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### Proxy Votes

ACM will vote proxies on securities on behalf of Clients. ACM has adopted a general policy to vote proxy proposals, amendments, consents, and resolutions relating to investments held in Client accounts in a manner that serves the best interests of the Client and the value of their investments. A copy of our Proxy Voting Policies and Procedures is available upon request.

### Class Actions

ACM does not advise or act for Clients in any legal proceedings, including bankruptcies or class actions, involving securities held or previously held by the account or the issuers of these securities

## Financial Information

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### Financial Condition

ACM does not have any financial impairment that will preclude ACM from meeting contractual commitments to Clients.

# Business Continuity Plan

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## General

ACM has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people.

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## Disasters

The Business Continuity Plan covers natural disasters such as snow storms, hurricanes, tornados, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, T-1 communications line outage, Internet outage, railway accident and aircraft accident. Electronic files are backed up daily and archived offsite.

# Information Security Program

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## Information Security

ACM maintains an information security program to reduce the risk that your personal and confidential information may be breached.

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## Privacy Notice

ACM is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us.

The categories of nonpublic information that we collect from you may include information about your personal finances, information about your health to the extent that it is needed for the financial planning process, information about transactions between you and third parties. We use this information to help you meet your personal financial goals.

With your permission, we disclose limited information to attorneys and accountants with whom you have established a relationship. You may opt out from our sharing information with these nonaffiliated third parties by notifying us at any time by telephone, mail, fax, email, or in person. With your permission, we share a limited amount of information about you with your brokerage firm in order to execute securities transactions on your behalf.

We maintain a secure office to ensure that your information is not placed at unreasonable risk. We employ a firewall barrier, secure data encryption techniques and authentication procedures in our computer environment.

We do not provide your personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to your personal information, including

financial service companies, consultants, and auditors. Federal and state securities regulators may review our Company records and your personal records as permitted by law.

Personally identifiable information about you will be maintained while you are a Client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

We will notify you in advance if our privacy policy is expected to change. We are required by law to deliver this *Privacy Notice* to you annually, in writing.



## Brochure Supplement (Part 2B of Form ADV)

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### Education and Business Standards

ACM requires that advisors in its employ have a bachelor's degree and further coursework demonstrating knowledge of financial planning and tax planning. Examples of acceptable coursework include: an MBA, a CFP®, a CFA, a ChFC, JD, CTFA, EA or CPA. Additionally, advisors must have work experience that demonstrates their aptitude for financial planning and investment management.

Massachusetts law (Section 203A) requires advisers to disclose information on disciplinary history and the registration of the adviser and its associated persons. This information may be obtained via the U.S. Securities and Exchange Commission public disclosure website at [www.sec.gov/checkoutbrokersandadvisers](http://www.sec.gov/checkoutbrokersandadvisers), by phone at (202) 942-8090 or the Massachusetts Securities Division, One Ashburton Place, 17<sup>th</sup> Floor, Boston, Massachusetts 02108.

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### Professional Certifications

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

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

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with Clients. Currently, more than 62,000 individuals have obtained CFP® certification in the United States.

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

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

financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;

- Examination – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and Client scenarios designed to test one's ability to correctly diagnose financial planning issues and apply one's knowledge of financial planning to real world circumstances;
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by CFP Board's *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

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

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

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

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**WILLIAM C. NEWELL, CFP**

Born 1954

Educational Background:

- AA Liberal Arts: Palomar College 1980
- BA Business Economics: UCSB 1983
- Professional Diploma in Financial Planning: UCLA 1986
- Certificate in Financial Planning: College for Financial Planning 1992
- Certified Divorce Financial Analyst: IDFA 1999
- Graduate Estate Planning Consultant: NIEP 2003

Business Experience:

- Atlantic Capital Management, Inc.: President, June 1992 to Present
- LPL Financial: Registered Representative, June 1992 to March 2010
- Purshe Kaplan Sterling Investments: Registered Representative, April 2010 to Present

Additional Compensation: None

Supervision:

As disclosed, Mr. Newell is the senior executive officer associated with ACM. As such, Mr. Newell is the senior officer responsible for all supervisory activities of ACM. Mr. Newell's contact information follows:

(508) 893-0872  
bnewell@acminc.org

Arbitration Claims: None

Self-Regulatory Organization or Administrative Proceeding: None

Bankruptcy Petition: None