

## **Item 1 – Cover Page**

### **New Amsterdam Partners LLC**

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This brochure provides information about the qualifications and business practices of New Amsterdam Partners LLC. If you have any questions about the contents of this brochure, please contact us at (212) 689-1500 or visit our website at [www.napllc.com](http://www.napllc.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

New Amsterdam Partners LLC is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information that enables you to determine whether to hire or retain an adviser.

Additional information about New Amsterdam Partners LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

Pursuant to rules set forth by the United States Securities and Exchange Commission, this section is intended to discuss material changes from the prior version of our brochure, dated March 21, 2011. However, this brochure, dated March 20, 2012, contains no material changes from the previous version.

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## **Item 4 – Advisory Business**

New Amsterdam Partners LLC was founded in 1986 by Managing Partner, Michelle Clayman, CFA, as an independent registered investment adviser. Until December 31, 1996, the firm was New Amsterdam Partners LP, with one-third ownership held by passive owners, venture capitalists who provided initial funding for the firm. Since then, New Amsterdam Partners LLC has been 100% employee-owned. We began managing domestic equity accounts in 1987 and now serve a diverse range of institutional clients, including public funds, corporate pensions, Taft-Hartley accounts, registered investment companies (mutual funds), foundations, and endowments. We also manage assets for several sponsors of wrap fee programs, as well as high net worth individuals. Our principal owners are Michelle Clayman, CFA, Chief Investment Officer and Managing Partner, who owns 62% of New Amsterdam Partners LLC, and Nathaniel Paull, Senior Portfolio Manager, who owns 25% of New Amsterdam Partners LLC.

New Amsterdam Partners LLC primarily performs investment advisory services by investing for its clients in the U.S. domestic equity space. We also supply an asset allocation model to two clients, who have full discretion to invest their portfolio's assets based on the securities contained in the model. A small percentage of New Amsterdam Partners LLC's assets under management is comprised of, and New Amsterdam Partners LLC devotes time overseeing, a self-liquidating fixed income portfolio, which is closed to new investors.

While clients within the same investment product are managed similarly, our clients are free to impose reasonable restrictions that would preclude us from investing a client's assets in certain securities or sectors. Generally speaking, such restrictions are not deemed to hinder our discretion.

New Amsterdam Partners LLC provides portfolio management services for wrap fee programs. Wrap fee accounts are managed in a similar fashion (i.e. using the same asset allocation model) as other portfolios managed to a similar strategy. We receive a portion of the wrap fee for our services.

As of December 31, 2011, New Amsterdam Partners manages approximately \$2,544,262,000 in assets for its clients, all of it on a discretionary basis.

## **Item 5 – Fees and Compensation**

Fees are negotiable and may vary from the schedules below to reflect circumstances that may apply to a specific client or account. New Amsterdam Partners LLC may impose minimum fees or fee equivalents above or below those stated herein for client accounts depending on a number of factors, including the type of client, type of mandate, changing market conditions, and pre-existing relationships with us. Such minimum fees may be increased or decreased depending on the specific circumstances of an individual client or account.

Our current basic annual fee schedules for certain separately managed accounts are as follows:

**Large Cap Active Equity**

| Account Assets           | Basis Points |
|--------------------------|--------------|
| On the first \$5 million | 100          |
| On the next \$5 million  | 75           |
| On the next \$15 million | 50           |
| Assets over \$25 million | 40           |

**Large Cap Growth Active Equity**

| Account Assets           | Basis Points |
|--------------------------|--------------|
| On the first \$5 million | 100          |
| On the next \$5 million  | 75           |
| On the next \$15 million | 50           |
| Assets over \$25 million | 40           |

**Mid Cap Active Equity**

| Account Assets           | Basis Points |
|--------------------------|--------------|
| On the first \$5 million | 100          |
| On the next \$5 million  | 75           |
| On the next \$15 million | 50           |
| Assets over \$25 million | 40           |

**Mid Cap Quality Growth Active Equity**

| Account Assets           | Basis Points |
|--------------------------|--------------|
| On the first \$5 million | 100          |
| On the next \$5 million  | 75           |
| On the next \$15 million | 50           |
| Assets over \$25 million | 40           |

**Small-Mid Cap Active Equity**

| Account Assets            | Basis Points |
|---------------------------|--------------|
| On the first \$10 million | 125          |
| On the next \$15 million  | 100          |
| Assets over \$25 million  | 75           |

**Small Cap Growth Active Equity**

| Account Assets            | Basis Points |
|---------------------------|--------------|
| On the first \$10 million | 125          |
| On the next \$15 million  | 100          |
| Assets over \$25 million  | 75           |

**All Cap Active Equity**

| Account Assets           | Basis Points |
|--------------------------|--------------|
| On the first \$5 million | 100          |
| On the next \$5 million  | 75           |
| On the next \$15 million | 50           |
| Assets over \$25 million | 40           |

### **Socially Responsible Active Equity\***

| Account Assets           | Basis Points |
|--------------------------|--------------|
| On the first \$5 million | 100          |
| On the next \$25 million | 75           |
| On the next \$50 million | 50           |
| Assets over \$80 million | 40           |

\* Comprises Large Cap Socially Responsible and Mid Cap Socially Responsible products

New Amsterdam Partners LLC also provides performance-based fee arrangements for certain clients.

New Amsterdam Partners LLC is a portfolio manager for several wrap fee programs listed in Section 5.I.(2) of our Form ADV Part 1. Our fees for portfolio management of wrap fee programs are asset-based.

The separate account fee schedules set forth above do not apply to accounts of clients participating in certain programs sponsored by financial intermediaries, advisers or planners in which New Amsterdam Partners LLC serves as investment adviser. For such accounts, the investment advisory fee may be negotiated with the program sponsor and may depend on account size, asset class, services, and other relevant factors.

Clients are generally billed at the beginning of each quarter based on the portfolio valuation for the previous quarter. In some cases, however, clients have furnished us with written authorization to deduct fees directly from their portfolios. In such cases, we always provide a client with written confirmation of the fee debit following the processing of the transaction. Clients may choose to have their fees billed to them or directly debited from their account. Depending upon their own preference, clients may be billed either in advance or arrears.

In addition to the advisory fees described above, clients may incur administrative fees billed by entities other than New Amsterdam Partners LLC. Such fees may include, but not necessarily be limited to, custodian fees and trustee fees. Furthermore, clients whose assets are invested in shares of money market mutual funds, where a management fee is assessed as an expense, are, in effect, paying two advisory fees. First, clients pay a regular quarterly fee on the market value of total assets under New Amsterdam Partners LLC's management, which includes the assets that are invested in the money market mutual funds. In addition, clients pay another fee to the investment adviser of the money market mutual fund based upon the amount of their investment in that fund.

An investment advisory agreement may be terminated by the client or New Amsterdam Partners LLC by giving to the other 30 days prior notice; provided, however, that the client may order New Amsterdam Partners LLC, at any time and without prior written notice, to cease activity with respect to the account. Such order may be communicated orally subject to prompt written confirmation to New Amsterdam Partners LLC. If the agreement is terminated, then fees are pro-rated, from the end of the previous billing period to the date that the investment advisory services are terminated. If such an account is billed in advance, New Amsterdam Partners LLC will proactively calculate a refund, if necessary, to be paid to the outgoing client, without any further action required by the outgoing client.

In addition to the advisory and administrative fees described above, all clients will incur brokerage and other transaction costs. Item 12 further describes the factors that New Amsterdam Partners LLC considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

## **Item 6 – Performance-Based Fees and Side-By-Side Management**

In some cases, New Amsterdam Partners LLC has entered into performance fee arrangements with qualified clients; such fees are subject to individualized negotiation with each such client. New Amsterdam Partners LLC will structure any performance or incentive fee arrangement subject to Section 205(a)(1) of the Investment Advisers Act of 1940 (Advisers Act) in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. In measuring clients' assets for the calculation of performance-based fees, New Amsterdam Partners LLC shall include realized and unrealized capital gains and losses. Performance-based fee arrangements may create an incentive for New Amsterdam Partners LLC to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements may potentially create an incentive to favor higher-fee-paying accounts over other accounts in the allocation of investment opportunities. However, New Amsterdam Partners LLC has procedures designed and implemented to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients. All accounts invested in the same investment strategy, including those with performance-based fee arrangements, are managed to the same asset allocation model and risk parameters.

## **Item 7 – Types of Clients**

New Amsterdam Partners LLC provides portfolio management services to state and municipal pension funds, corporate pensions subject to ERISA, Taft-Hartley accounts, registered investment companies (mutual funds), foundations, endowments, and high net worth individuals, either through direct contract or through relationships with wrap sponsors.



The minimum size of new accounts under New Amsterdam Partners LLC's management is typically \$1 million for retail clients and \$10 million for institutional clients, based on the product in which the client invests, subject to negotiation. Wrap program clients are subject to different account minimums, which, dependent upon the sponsor, may be as low as \$100,000.

## **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

New Amsterdam Partners LLC believes that superior investment results are driven by capitalizing on market mispricings. Our investment process is a blend of quantitative and fundamental research. The first step in our process is to quantify, but with certain critical modifications, the research that traditional analysts perform by hand. We use our own investment model to rank a universe of over 10,000 stocks according to expected investment return. From that universe our model derives the top 100-ranked stocks within a given strategy. These stocks have better-than-average profitability and long-term growth prospects, and are selling at market or below-market multiples.

New Amsterdam Partners LLC performs fundamental analysis on the top 100 companies to select a portfolio of approximately 40-45 stocks for most strategies (50-60 stocks for our All Cap strategy). Going forward, we then remain current on any developments that may affect portfolio holdings.

Investing in securities involves risk of loss, and clients should be prepared to bear such risk. Investing in equity securities, as New Amsterdam Partners LLC primarily does, can cause significant losses to clients during stock market downturns.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of New Amsterdam Partners LLC or the integrity of New Amsterdam Partners LLC's management. New Amsterdam Partners LLC has no information to disclose that applies to this Item.

## **Item 10 – Other Financial Industry Activities and Affiliations**

New Amsterdam Partners LLC, while it is not engaged in the trading of futures for its advisory clients, is currently registered with the National Futures Association as a Commodity Trading Advisor.

Michelle Clayman, CFA, Chief Investment Officer, and Nathaniel Paull, CFA, Senior Portfolio Manager, are each Associated Persons with the Commodity Futures Trading Commission.

## **Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

New Amsterdam Partners LLC has adopted a Code of Ethics for all supervised persons of New Amsterdam Partners LLC describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on acting upon confidential issuer information, restrictions on the acceptance of significant gifts and the reporting of certain gifts, as well as personal securities trading procedures, among other things. All supervised persons at New Amsterdam Partners LLC must acknowledge the terms of the Code of Ethics annually. New Amsterdam Partners LLC's Code of Ethics is available to any client or prospective client, upon request from New Amsterdam Partners LLC's Chief Compliance Officer.

New Amsterdam Partners LLC may purchase or sell for itself, securities that it also recommends to clients. In order to prevent a conflict of interest in situations where there are a limited number of securities to be purchased or sold, any client trading takes priority over trading on New Amsterdam Partners LLC's behalf. New Amsterdam Partners LLC's individual employees may trade, on their own behalf, securities that have been previously recommended to clients provided that (i) no trading violates New Amsterdam Partners LLC's conflict of interest and customer priority of transactions rules; and (ii) the transactions are pre-cleared and promptly reported to New Amsterdam Partners LLC's Chief Compliance Officer. New Amsterdam Partners LLC has instituted a 3-day blackout period prohibiting trades in a given security for 3 days prior to and after client transactions in that same security. New Amsterdam Partners LLC and its employees, in relationships with clients, use particular care in determining applicable fiduciary duty and in complying with such duty, as detailed in New Amsterdam Partners LLC's Code of Ethics.

New Amsterdam Partners LLC's Profit-Sharing Plan is invested in our All Cap Active Equity and Small-Mid Cap Active Equity products, which are also marketed to prospective clients.

At any given time, we may hold and trade investment positions in client portfolios for the common equity of one or more clients. In accordance with Rule 206(4)-6 of the U.S. Securities and Exchange Commission, we are required to make available to clients information about cases in which a company is a client and at the same time whose common stock is held in our portfolios. In these cases, which occur from time to time, in order to resolve the perception of any conflict, proxies issued by such companies are subject to the same proxy guidelines with the same careful consideration and rigorous due diligence that is given to proxies issued by any other corporation in our managed portfolios. A full text of New Amsterdam Partners LLC's proxy policies and procedures, and specific voting information for a client account, is available upon request from New Amsterdam Partners LLC's Chief Compliance Officer.

## Item 12 – Brokerage Practices

We have several criteria that govern the selection of brokers. First, when brokers add value to our investment process, we send them trades. Also, brokers that provide good execution, and meet our other criteria, are selected. Internally, we measure transaction costs in terms of bid-ask spreads, commissions and market impact. We also carefully consider the associated brokerage firm. In particular, we require well-capitalized and reputable brokerage houses which meet all regulatory, statutory and industry requirements. We select brokers in accordance with our clients' investment guidelines, the value added by their research, and our commitment to minimizing trading costs. Section 28(e) of the Securities Exchange Act of 1934 allows us to pay a higher commission than those charged by other broker-dealers in return for soft dollar benefits, and in fact, New Amsterdam Partners LLC may cause a client to pay commissions higher than those charged by other broker-dealers in return for soft dollar benefits. While these benefits could potentially create an incentive to utilize the brokers providing them, New Amsterdam Partners LLC, in view of its obligation to resolve the perception of any conflict, must still make a "good faith" determination that the amount of the commission paid is reasonable in relation to the value of the brokerage or research services received.

We monitor execution by analyzing the price we receive relative to the stock's bid and offer when the trade was entered, immediately after the trade, and in relation to the day's close. We compare execution by different brokers. Occasionally, we execute trades for clients through the brokerage affiliates of other clients. Such trading is subject to the same stringent execution requirements that New Amsterdam Partners LLC employs for all trading. In addition to this ongoing review, we also conduct a comprehensive annual review of brokers that examines their trade execution, back office capabilities, and the quality of research that they provide.

We also receive written equity research from major brokerage firms. Research files containing Annual Reports, 10-Ks and Street Research reports are maintained on every closely followed or owned stock. Research is used to service all accounts managed by our firm, not just those accounts paying for the research.

Clients should understand that some trades may be executed based on an incentive to fulfill soft dollar compensation arrangements either at the clients' or firm's behest. Currently, New Amsterdam Partners LLC has soft dollar arrangements with BNY Convergenx, Instinet and Liquidnet. Soft dollar benefits are not limited to those clients who may have generated a particular benefit although certain soft dollar allocations are connected to particular clients or groups of clients. On the following page is a table describing each of the services acquired with client brokerage commissions, which benefit New Amsterdam Partners LLC (who does not have to produce or pay for these services) and, by extension, its clients.

| <b>Service</b>                                    | <b>Description</b>   |
|---|--|
| Bloomberg   | Real-Time Market Data and Information  |
| CFRA – Center for Financial Research and Analysis | Research Focusing on Accounting Issues   |
| Compustat   | Historic Company Financial Data  |
| FactSet Research Systems                          | Delivery of Financial Information, Financial Modeling, and Research Management |
| Gradient Analytics                                | Accounting-Based Research and Analysis   |
| OPRA – Options Price Reporting Authority          | Option Pricing Information   |
| Russell/Mellon Index Data                         | Russell Index Information  |
| S&P Index Data                                    | S&P Index Information and Historical Company Financial Data                    |
| Strategic Economic Decisions                      | Economic Scenarios and Economic Analysis                                       |
| Thomson One Analytics                             | Real-Time Market Data and Information from Thomson Reuters                     |
| Zacks Indicator                                   | Measures Earnings Surprises and Earnings Estimates                             |

Clients who direct commissions should be aware that, when they direct the use of specific brokers for executing securities transactions, they may pay commission rates which are higher than those which New Amsterdam Partners LLC may be able to negotiate when it selects broker-dealers to execute transactions on behalf of its clients. Unless clients direct commissions to specific brokers, orders in the same security for multiple clients are normally bunched in the attempt to take advantage of average pricing, lower commission rates and more favorable market impact. Clients should also be aware that if they direct trading, it may cause their portfolio returns to differ significantly from the aggregate return of the product, or composite, in which it is invested, since

we may be unable to aggregate orders to reduce transaction costs, or because the client may receive less favorable execution prices.

In general, New Amsterdam Partners LLC pays a commission of \$.04 or less per share and uses average pricing whenever possible. Shares are allocated pro-rata across accounts according to the position size.

### **Item 13 – Review of Accounts**

Each account is reviewed monthly by the portfolio team headed by Manager and Chief Investment Officer Michelle Clayman. More frequent reviews would be triggered by market conditions or by changes in opinion for one or more portfolio companies. Our computer system allows accounts to be reviewed simultaneously in such event.

Accounts are also reviewed on a monthly basis by Neal Muroff, Chief Compliance Officer, to monitor each portfolio's compliance with its specific investment guidelines.

We furnish clients with written reports, no less than quarterly, that detail portfolio holdings, performance, and comparison to a relevant benchmark.

### **Item 14 – Client Referrals and Other Compensation**

With respect to economic benefits furnished to New Amsterdam Partners LLC by entities other than clients, see response to Item 12 above.

New Amsterdam Partners LLC pays a de minimis third party referral fee related to one account. Also, in 2009, New Amsterdam Partners LLC engaged another third party in a referral arrangement, although there has not yet been any new business generated by this relationship, and therefore no compensation has been paid.

### **Item 15 – Custody**

New Amsterdam Partners LLC is authorized to debit its own periodic investment advisory fee from a small percentage of its client accounts. For this reason, New Amsterdam Partners LLC is deemed to have custody of these accounts. Clients such as these receive statements, no less than quarterly, from the qualified custodians holding those clients' assets. New Amsterdam Partners LLC urges its clients to carefully review such statements and compare such official custodial records to any account statements furnished by us. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## **Item 16 – Investment Discretion**

New Amsterdam Partners LLC generally receives discretionary authority from the client, at the outset of an advisory relationship, to select the identity and amount of securities to be bought or sold. This authority is implied or explicitly described in the investment advisory agreement signed by both New Amsterdam Partners LLC and the client at the relationship's inception. In all cases, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, New Amsterdam Partners LLC observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, New Amsterdam Partners LLC's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made. Investment guidelines and restrictions must be provided to us in writing.

## **Item 17 – Voting Client Securities**

New Amsterdam Partners LLC, pursuant to Rule 206(4)-6 under the Investment Advisers Act, and in keeping with its fiduciary obligation to clients who delegate such responsibility to us, recognizes its duty to vote proxies for securities that form its clients' portfolios. New Amsterdam Partners LLC undertakes this task in an informed and responsible manner in order to ensure the maximum shareholder benefit. New Amsterdam Partners LLC believes that each proxy should be analyzed on a case-by-case basis in order to determine its impact on shareholders. While our proxy policy serves as a useful guideline, each issue is judged on its own merit in order to reach the most objective conclusion. All proxies pertaining to a certain security are voted identically by us for all clients who carry that holding in their portfolio. A client who wishes to direct our vote in a particular solicitation is free to contact us, either verbally or in writing, in an effort to do so, but New Amsterdam Partners LLC will ultimately vote each proxy based on all available objective evidence.

As detailed in Item 11, we are required to make available to clients information about cases in which a company is a client and at the same time whose common stock is held in our portfolios. In these cases, which occur from time to time, proxies issued by such companies are subject to the same proxy guidelines with the same careful consideration and rigorous due diligence that is given to proxies issued by any other corporation in our managed portfolios. A full text of New Amsterdam Partners LLC's proxy policies and procedures, and specific voting information for a client account, is available upon request from New Amsterdam Partners LLC's Chief Compliance Officer.

## **Item 18 – Financial Information**

Registered investment advisers are required to provide certain financial information or disclosures about its financial condition, when material to clients. New Amsterdam Partners LLC has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.