



**FORM ADV
UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION**

Part 2A – Investment Adviser Brochure

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This brochure provides information about the qualifications and business practices of Fountain Capital Management, L.L.C. If you have any questions about the contents of this brochure, please contact Douglas E. Campbell, our Chief Compliance Officer, at 913-345-2766, or email dcampbell@fountaincapital.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.

Additional information about Fountain Capital Management, L.L.C. (Fountain) also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 - Material Changes

Effective March 31, 2012, Fountain repurchased Atlantic Asset Management, LLC's equity interest in Fountain. Fountain is now wholly owned by FCM Management, LLC, which is owned by current and former Fountain investment professionals. Atlantic, an SEC registered investment adviser specializing primarily in investment grade fixed income, held an equity interest in Fountain since 1997, but was not involved in the firm's high yield investment management operations.

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Item 4 – Advisory Business

Fountain Capital Management, L.L.C. (Fountain) is a registered investment adviser that was founded in 1990.

Fountain is wholly owned by FCM Management, L.L.C., which is in turn owned by current and former employees of Fountain.

Fountain provides below-investment grade (or “high yield”) corporate bond portfolio management services primarily to institutional clients. Within high yield, Fountain offers two strategies. We offer a Total Return strategy that seeks to maximize returns through investments in a diversified portfolio of BB and B rated corporate securities by minimizing defaults and selecting securities with upgrade potential. In addition, we offer a Short Duration strategy with shorter maturities and higher average credit ratings than both the Total Return strategy and the overall high yield market. At various times both strategies may include below-investment grade rated bank loans, convertible bonds and preferred stocks that are similar in nature to high yield bonds if allowed by individual client guidelines.

Most of the portfolios we manage are separate institutional accounts. While the portfolios in each style generally hold similar securities, we can tailor portfolios to meet clients’ specific needs in terms of quality, maturity, security types and other guideline restrictions as requested by the client.

We also manage through subadvisory agreements two commingled funds (one in the Total Return strategy and one in the Short Duration strategy) that are administered by Atlantic Asset Management, L.L.C. As part of the repurchase of Atlantic’s interest in Fountain described in Item 2, it is anticipated that Fountain will become the investment advisor to those funds around the end of July 2012, and Fountain will assume Atlantic’s fund administrative duties at that time as well. These changes will not impact the strategy of the funds or the investment professionals that manage the funds.

Fountain does not participate in wrap fee programs.

As of April 30, 2012, Fountain managed \$1,091.7 million in client assets, all on a discretionary basis.

Item 5 – Fees and Compensation

The annual fee schedule for Total Return portfolio management is 50 basis points on the first \$50 million plus 40 basis points on amounts above \$50 million.

The annual fee schedule for Short Duration portfolio management is 40 basis points on the first \$50 million plus 30 basis points on amounts above \$50 million.

Fees are negotiable based on the size of the account and the level of services. Fees are calculated and billed to clients quarterly, and are typically based on the average aggregate market value of assets under management for that quarter. Contracts may be terminated by either party with 30 days notice, in which case fees are prorated to date of termination.

Clients will incur brokerage and custody costs in connection with the portfolios we manage. See Item 12 in this brochure for detail on brokerage practices.

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

While currently not material to Fountain’s overall business, we may in the future enter into contracts that include performance-based fees.

The potential conflict of interest that could arise from an incentive to favor a performance-fee account over an asset-based fee account would be mitigated by Fountain’s adherence to our Trade Allocation Policy.

Because high yield bonds trade most efficiently in round lot sizes, Fountain routinely allocates single transactions across multiple managed accounts. However, it is frequently difficult to buy or sell the ideal amount of bonds in a single trade to cover all accounts. Fountain’s Trade Allocation Policy is aimed at treating all client accounts on a fair and equitable basis. Factors used to determine account allocations include client guidelines and objectives, transactions initiated for specific account needs, existing account exposure to the transacted security and levels of account cash. Generally, allocations will be in multiples of \$50,000 par in order to preserve individual account liquidity and trading efficiency.

A copy of our Trade Allocation Policy is available to any client or prospective client upon request.

Item 7 – Types of Clients

Fountain generally provides its portfolio management services to institutions and occasionally to high net worth individuals. Institutional clients include pension funds, state government entities, foundations, corporations, other investment advisers or commingled funds. The minimum separate account size may vary based on factors such as client objectives, but typically they are \$10 million and above. The commingled funds that Fountain subadvises have minimum account sizes of \$1.0 million, although this restriction may be waived.

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

Fountain’s investment process combines broad secular themes and cyclical trends with detailed company and security-specific fundamental analysis and valuation to create our high yield portfolios. This process is driven by our investment committee, which is comprised of all our

investment professionals. The investment committee meets every quarter to discuss the broad secular themes and economic cyclical dynamics that will drive performance among the industries in the high yield market. Our goal is to overweight industries that are experiencing positive and improving fundamentals and avoid industries where we believe defaults may occur.

The investment committee also meets weekly to track our performance and discuss and changes that need to be made to industry positions and security positions. Additionally, the investment committee and trading personnel meet daily to review any topical news items, economic releases, new bond issuance, and company releases to address any tactical changes or ideas that will be implemented for the client portfolios.

As discussed in Item 4, Fountain generally offers two distinct strategies of high yield management: Total Return and Short Duration.

While most of our client's portfolios within each strategy are similar to one another, they can differ based on client-specific guidelines and mandates.

There are risks associated with investing in high yield bonds. The primary risk to investing in the high yield market is default risk, and investors may bear considerable losses if a bond they own enters default. Default risk exists because by definition, companies within the high yield market have considerable debt obligations. In addition to default loss risk, high yield bond investors are also subject to credit spread risk, interest rate risk, liquidity risk, prepayment risk, and reinvestment risk. Investors should be aware of the potential for price volatility. While rapid and frequent trading is not a core investment strategy for FCM, transaction costs are relatively high within the high yield market.

Item 9 – Disciplinary Information

There are no legal or disciplinary events that are material to our clients' or prospective clients' evaluation of our advisory business or the integrity of our management.

Item 10 – Other Financial Industry Activities and Affiliations

Fountain focuses solely on high yield corporate security management, and is not affiliated with any other entities.

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

Fountain's Code of Ethics establishes a standard of business conduct for persons who provide investment advice on behalf of Fountain. The Code of Ethics includes a discussion of Fountain's fiduciary duties to clients, the need to place clients' interests before the interests of Fountain and its employees, the avoidance of conflicts of interests with clients, policies relating to use of

material non-public information and employee security transaction restrictions. Key policies on personal investing by employees include annual holdings reports, quarterly transaction reports and trade pre-authorization reviewed by the Chief Compliance Officer. The Code of Ethics also requires all investment personnel to understand and comply with the CFA Institute Code of Ethics and Standards of Professional Conduct.

A copy of Fountain's Code of Ethics is available to any client or prospective client upon request.

Fountain employees may, subject to pre-approval from the Chief Compliance Officer, buy or sell high yield bonds in their personal accounts that our clients may also own in their portfolios that we manage. This is a very infrequent occurrence since the high yield bond market is primarily an institutional over-the-counter market and it is not efficient to trade in sizes under \$50,000 to \$100,000. Approval for such trading would only be granted if there was no reasonable likelihood that such a trade would disadvantage a client in any way. Historically these types of trades have been too small to have any impact on market prices.

Item 12 – Brokerage Practices

Brokers are selected based on their trading capabilities, underwriting position, research and service. Members of the investment management team quantitatively rate each of the firm's brokers on the above factors. Overall rankings are compared to commissions generated during the period. Business is generally directed to the higher ranking firms, but individual trades are based on the best bid or offer available. When possible, the next best "cover" bid or offer is documented for each trade.

High yield bonds trade most efficiently in round lots which are often larger than individual client requirements. We therefore aggregate client trades in order to achieve the best execution. However, clients should recognize that the advice given and the actions taken with respect to their accounts may differ from advice given or the timing and nature of action taken with respect to other advisory accounts. See Item 6 for a description of our Trade Allocation Policy.

Fountain does not participate in "soft dollar" arrangements in which we would receive products or services as a result of doing trades with a particular broker. We do not consider, in selecting or recommending brokers, whether we receive client referrals from brokers. We do not participate in directed brokerage, which is generally not applicable to the high yield bond market.

Item 13 – Review of Accounts

Portfolios are actively managed and securities are continuously monitored by members of the investment committee. The investment committee meets weekly to review portfolio statistics, portfolio strategy and investment performance. The investment committee is made up of all the Portfolio Managers/Analysts in the firm. See Item 8 for more information on the investment committee and our investment process.

Our portfolio records are reconciled to custodial statements on a monthly basis by a member of the administrative staff.

Written reports are prepared and sent to clients each month. These monthly reports include summary portfolio statistics, performance, transaction reports, portfolio holdings and a review of investment guidelines. Additional items may be included at client request.

Item 14 – Client Referrals and Other Compensation

Atlantic Asset Management, L.L.C., previously an owner of Fountain as described in Item 2, compensates its marketing employees for new Fountain client accounts. Atlantic pays the responsible employee approximately 12% of first-year revenues, 6% the second year, and 3% thereafter. This arrangement will remain in effect for certain prospective clients that become Fountain clients prior to April 1, 2013.

Fountain does not have any ongoing arrangements with any other external entities that provide new client referrals.

Item 15 - Custody

Fountain does not maintain custody of client funds or securities. Clients select and maintain separate relationships with qualified custodians. While clients receive monthly statements directly from their custodian, Fountain urges clients to compare those statements with the monthly reports provided by Fountain. See Item 13 for related information.

Item 16 – Investment Discretion

Unless otherwise instructed by the client, Fountain has full discretion to direct the investments of the portfolios that it manages. All actions must be consistent with the investment policies that are set forth in the client's Investment Advisory Agreement.

Item 17 – Voting Client Securities

Fountain generally does not vote proxies with respect to securities held in a client's portfolio. It is rare as a fixed income manager that such a proxy voting situation would arise. It is Fountain's policy to forward all proxy voting material to the client. However, in the event that Fountain is requested to do so by a client, Proxy Voting Policies and Procedures have been adopted to guide the firm in such voting. In all cases proxy votes must be cast in a manner consistent with the best interests of clients. In the event that the Chief Compliance Officer determines that Fountain has a material conflict of interest, then the conflict will be disclosed to the client. Copies of the Proxy Voting Policies and Procedures as well as Fountain's proxy voting record are available to clients upon request.

Fountain does vote bond-specific items such as indenture changes in a manner it believes will maximize security value.

Item 18 – Financial Information

Fountain has no financial conditions or information to disclose that a client would consider reasonably likely to impair our ability to meet contractual commitments to clients.