

**United States
Securities & Exchange Commission**

**Firm Disclosure Brochure
Form ADV Part II**

NEW CAPITAL

CRD 131658

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This brochure, pursuant to SEC Rule 206(4)-3, provides information about the qualifications and business practices of New Capital Management LP (“New Capital” or “NCM”). If you have any questions about the contents of this brochure, please contact New Capital by phone at (713) 874-1444 or by email at lg@newcapitalmgmt.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about New Capital is also available on the SEC’s website at www.adviserinfo.sec.gov. You may search for information by using New Capital’s CRD Number **131658**.

New Capital is an SEC Registered Investment Advisor. Registration with the SEC does not imply a certain level of skill or training, only that total firm assets under management exceed \$100 million in value.

This revision fully supplants and replaces any prior editions of New Capital’s Form ADV II.

2. Material Changes

There are no material changes from the prior year's Disclosure Report.

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4. Advisory Business

New Capital Management LP (“NCM”), a Texas limited partnership, is a fee-only investment and financial advisory firm started in 2004. Leonard M. Golub is the firm’s founder, shareholder, and advisor. The general partner of New Capital Management LP is Solaris Advisors LLC, a Texas limited liability company, with Mr. Golub being the only owner of over 25% of NCM’s limited partnership interests.

Mr. Golub graduated from Amherst College (Massachusetts) in 1989 (Bachelor of Arts), from the University of Texas McCombs School of Business in 1999 (Master of Business Administration), and earned the Chartered Financial Analyst designation in 2003.

New Capital Management’s primary practices are investment management and wealth management. NCM specializes in low-cost, broadly diversified portfolios primarily employing institutional no-load funds on behalf of clients. NCM employs passive and active investment strategies for clients, depending upon the needs and wishes of individual clients. NCM believes that it is able to efficiently deliver meaningful diversification to clients along the following critical dimensions:

- Category (Equity, Fixed Income, Real Estate, Commodities, etc.)
- Geography (Domestic, Foreign, Emerging Markets, etc.)
- Industry (Energy, Technology, Financial, etc.)
- Capital Structure (Senior debt, Subordinated debt, Convertible debt, etc.)
- Equity Style (Large, Small, Value, Growth, etc.)
- Alternatives (Hedge mutuals, Hedge funds, Private Equity funds, etc.)

Clients may seek greater or lesser levels of portfolio customization with NCM, which may also include the imposition of restrictions on the acquisition of certain securities or types of securities. NCM offers socially responsible investments to clients who want them. NCM also provides management, for a fee, of client held-away assets, such as 401(k) assets, in order to better integrate them into an overall portfolio strategy. NCM also has significant expertise in the management of positions of low cost basis/highly appreciated stock, including the use of options to hedge concentrated equity positions.

NCM, itself and in conjunction with other professional advisors, also provides advisory services in the following areas:

- Estate Planning
- Insurance Planning
- Tax and Accounting
- Education Planning
- Charitable Planning
- Real Estate
- Business Planning
- Asset Protection
- Career/Retirement Planning

As of December 31 of the year just ended, NCM managed approximately \$150 million in total client assets, of which approximately \$100 million (~70%) were managed on a discretionary basis and \$45 million (~30%) on a non-discretionary basis.

5. Fees and Compensation

New Capital Management is only compensated by fees paid directly by its clients. NCM does not receive commissions, does not receive payments from third parties, and has no financial interest in any services or investment products employed for its clients. Accordingly, NCM has no fee-related conflicts of interest and therefore no incentive to recommend investment products based on the compensation received, rather than on a client's needs. When NCM recommends mutual funds for clients, they are no-load funds (i.e., they have no sales charges).

Most established clients compensate New Capital Management on an annual retainer basis, paid in equal quarterly installments. This basis is initially established at the outset of the client relationship with reference to assets under management, and is subsequently reviewed annually. While assets under management plays a significant role in establishment of the retainer, other criteria may also factor in either increased or discounted fees including:

- Complexity and intensity of client accounts and needs
- Longevity of client relationship
- Willingness and ability of client to refer other prospects

A minority of clients prefers strictly an assets under management fee, and NCM accommodates such requests. NCM's standard fee schedule is as follows:

Breakpoint	Fee basis
\$1 million and less	0.80%
\$1 million - \$3 million	0.70%
\$3 million - \$5 million	0.60%
\$5 million - \$8 million	0.50%
\$8 million - \$20 million	0.40%
\$20 million +	0.30%

Fees are deducted quarterly in advance directly from pre-determined discretionary client accounts (clients may select how to apportion fees among their accounts). No invoices are delivered, but fees are reflected as "Advisor Fee" on the client's broker custodian statement. NCM also sends an end of year report to clients showing all fees billed for the year by account. *A \$2000 minimum annual fee applies to all households.*

Clients incur additional management fees from any mutual or other funds used for portfolios. NCM is not paid by any fund sponsor, and therefore has incentive to obtain

the most economical fund share classes for its clients, most often institutional share classes.

Clients may also incur brokerage transaction fees from NCM's custodian, Fidelity Investments, for trading securities. While many securities may actually trade without any transaction fee, others range from approximately \$8 for listed equities, ETF's, and open end funds, to \$35 for "out of network" mutual funds.

As clients pay NCM's quarterly retainer fee in advance, any terminating client may obtain a refund of this pre-paid fee if the advisory contract is terminated before the end of the billing period. The refund is made pro rata on the days remaining in the quarter.

NCM currently uses a sole broker (Fidelity Investments/National Financial Services), which has been sufficient to date for client needs. Clients technically have the option to purchase investment products that NCM recommends through other brokers or agents that are not affiliated with NCM. However, due to the discount nature of Fidelity's fees and the convenience of its services, this simply does not occur with NCM clients.

6. Performance-based Fees and Side-by-Side Management

Performance-based fees are common with certain types of investments, especially hedge funds. NCM does not currently assess fees based on a share of capital gains on or capital appreciation of the assets of clients. Accordingly, NCM does not have any incentive to favor accounts that receive a performance-based fee over those that do not. NCM may recommend investment into certain hedge funds or private equity funds to which it has access, and those funds may (and usually will) assess their own performance fees.

7. Types of Clients

NCM provides investment advice mostly to families and individuals (including high net worth individuals), but also to related trusts, businesses, charitable foundations, and pension funds. While NCM does not have any stated requirements for opening or maintaining an account, such as a minimum account size, the majority of NCM's clients have at least \$250,000, and frequently more, in net household investable assets. Average household account size is approximately \$3 million. A majority of clients are in Houston, but there are also clients in other parts of Texas, in other US states, and in other countries.

8. Methods of Analysis, Investment Strategies, and Risk of Loss

NCM's focus is on getting a client into the right portfolio for them. That necessarily involves analysis of both the client and the portfolio. On the client analysis side, the following methods are employed:

- *Life Planning.* NCM explores prospect/client goals and needs using proprietary techniques, and techniques developed by two advisor mentorship programs, the

Kinder Institute and CEG Worldwide. These techniques enable a thorough survey of actual and potential client cash needs over a long horizon.

- *Financial Planning.* NCM surveys prospect/client financial resources, and then juxtaposes goals/needs with resources to determine whether a successful financial plan (defined as both meeting all goals and not outliving resources) is likely.
- *Investment Planning.* Client risk capacity and tolerance are assessed using NCM's proprietary ten-factor model, which produces a recommended equity/fixed income allocation. This basic model is further refined using tactical assessments of current market valuations, and a formal recommended draft model is presented to the client. Refinements may follow that result in a final model and its implementation through trades.

Invariably, NCM establishes core positions for clients in equity, fixed income, and other assets (commodities, real estate, etc.) that provide, as much as is possible, exposure to asset class market returns ("beta"). These beta exposures form the foundation of client portfolios. Most NCM clients remain satisfied with portfolios that provide such comprehensive beta exposures. A minority of clients may elect to pursue, or NCM may elect for them, additional active management strategies designed to deliver either asset class out-performance ("alpha") or a greater lack of correlation with other assets ("diversification"). NCM identifies such active manager candidates through its regular research and monitoring activities.

NCM monitors client portfolios primarily using a portfolio analysis and reporting system produced by Morningstar Inc., a major independent provider of investment data services. NCM regularly transfers and reconciles all client account transaction and position information into this system, which in turn produces asset allocation, performance, risk measures, cash flow, and other reports. Through this system, NCM assigns each client to one of five Morningstar-defined target risk benchmarks (ranging from Conservative to Aggressive), against which portfolio and performance metrics are compared.

NCM strives to meet or exceed, without the assumption of excessive additional risk, these target risk benchmarks. Tax considerations are taken into account for all trades made in non-qualified accounts. Trading costs are taken into account for all trades made. And fees are taken into account for all securities employed. In general, client accounts are not heavily traded, and trading often takes place around annual client review meetings after evaluations are made of changes in client circumstances and how those might impact portfolio positions and overall risk. In other words, *client circumstances* rather than market conditions are likely to dictate portfolio changes. NCM believes that such an approach is more sensible than the general industry approach of trading client portfolios based upon market fluctuations, which may bear no relationship to client circumstances.

NCM's portfolios are extremely broadly diversified, and the primary risk that clients accordingly face is the risk of systematic market volatility, rather than risks commonly associated with individual securities (such as bankruptcy or mismanagement). Such

volatility, however, is the price that any investor must pay in order to achieve market returns, and it cannot be avoided. In general and over time, higher returning assets will experience higher price volatility, while lower returning assets will experience lower price volatility. Over the long term, defined as from ten to twenty years, asset classes may generally be expected to yield their normalized rates of return. Over the short term, however, any particular asset class may produce returns that deviate, sometimes dramatically, from the long-term rate of return. A major risk to any investor, therefore, is the possibility that the investor will allow shorter-term volatility to force them from their position before the expected return is earned. One of NCM's major risk management efforts, therefore, is to work with clients on a personal basis to minimize behavioral impulses that can compromise long-term portfolio returns.

Despite the expectation of a long-term expected return, assets that NCM acquires for its clients may face the risk of losses, conceivably permanent, from changes in interest rates, tax rates, rates of price inflation, government policies, technology, and from war, crises, revolutions, man-made disasters, natural disasters, bank failures, communication disruptions, and other unforeseen events. Moreover, the broad geographical diversification of NCM's portfolios makes these occurrences more likely to impact the portfolios in any given year. However, the broad diversification also significantly mutes the impact of any single occurrence on the larger portfolio.

Still, while material risks are involved in any investment strategy, they are even more so involved with the lack of an investment strategy, where inflation is a constant threat to undermine the value of currencies. Over the past eighty-five years, inflation has been present in the United States economy *every single year* except for the handful during the Great Depression (where prices actually declined). Investors therefore face a choice between certain, constant, and permanent debasement of the purchasing power of their assets should they choose to hold them primarily in cash and cash equivalents, and equally certain but far more intermittent and temporary losses with higher returning, more volatile assets. NCM's primary function is to find the proper medium between these two positions taking into account the particular needs of the client.

NCM engages in a variety of activities to form a basis for investment recommendations to clients. In general, NCM regularly monitors the securities marketplace for the appearance of products that can:

- Fill voids in client portfolios
- Further diversification, and thereby decrease risk, of client portfolios
- Improve upon existing methods, portfolios, or products
- Lower costs for clients

NCM gains information about such investment products through a variety of sources, including the financial press (newspapers, magazines, and financial blogs), but especially through direct relationships including:

Relationships with Fund Companies. NCM meets regularly, often several times a month, with representatives of fund companies whose products NCM either recommends to

clients or is evaluating for recommendation (e.g., PIMCO, Fidelity, Blackrock, Natixis, Eaton Vance, Franklin Templeton, Vanguard, etc.). NCM is under no obligation to adopt fund company recommendations. Such meetings, alone or in conjunction with other advisors, are non-compensatory and educational in nature and designed to:

- Introduce funds to NCM
- Review fund performance
- Discuss investment strategy and environment
- Help form a reasonable basis for NCM recommendations
- Receive fund learning materials

As a public advisor, NCM is sought out by a wide variety of companies seeking to gain access for use in NCM's portfolios. NCM believes that its relationships with fund companies confer very significant benefits upon its clients.

Relationship with Morningstar. Since 2007, NCM has paid an annual subscription fee to Morningstar Inc., an independent securities research firm, for software to help analyze the universe of available investments. Using this software, NCM maintains watch lists of potential investments in many different asset classes, and can readily and quickly compare investments within asset classes, each of which carries its own distinct risks. As a result, NCM can make recommendations to clients over a particularly broad set of global assets. NCM believes that its use of Morningstar analytics confers very significant benefits upon its clients by providing a broad set of analyzed assets from which to consider investment.

Relationship with DFA. Since 2008, NCM is authorized to purchase for clients funds managed by Dimensional Fund Advisors ("DFA"). DFA, with over \$200 billion in assets under management, is a fund company with significant and recognized skills in the assembly of sophisticated, low-cost, passive global equity portfolios, and distributes its funds solely through accredited approved advisors. NCM believes that its relationship with DFA confers very substantial benefits for its clients in the area of core equity and fixed income exposure.

Relationship with Fidelity. Since 2006, NCM has maintained a relationship with Fidelity Investments, currently NCM's sole custodian. Through this relationship, NCM has access to Fidelity's vast mutual funds warehouse. Additionally, as a registered investment advisor, NCM is granted access for its clients to the institutional class shares – generally the least expensive class - of virtually all fund companies. NCM believes that its access to institutional shares in Fidelity's funds warehouse confers substantial advantages on its clients, and enables an unrestricted "go anywhere" approach to investment.

Relationship with Altegris. Since 2010 NCM has a relationship Altegris Investments, a distributor of hedge funds including such well-known fund groups as Paulson & Company, Brevan Howard, SAC Capital, and Winton Capital. Through Altegris, NCM has access to some of the world's most prominent and successful hedge funds.

Relationship with JP Morgan. NCM maintains an informal relationship with JP Morgan Private Wealth Management through which NCM may make private equity and other alternative investment vehicles available to clients.

9. Disciplinary Information

No NCM personnel have been involved in any legal or disciplinary events before any court, any regulatory agency or authority, or any self-regulatory organization. Accordingly, there are no legal or disciplinary events that are material to a client's or prospective client's evaluation of NCM's advisory business or the integrity of its management.

10. Other Financial Industry Activities and Affiliations

NCM is not registered, and has no application pending to register, as a broker-dealer, a registered representative of a broker-dealer, a futures commission merchant, a commodity pool operator, or a commodity trading advisor.

NCM maintains relationships, to varying degrees, with a variety of other professionals including:

1. Broker-dealers (especially Fidelity Investments and its affiliates)
2. Investment companies or other pooled investment vehicles (including mutual funds, closed-end investment companies, unit investment trusts, private investment companies or hedge funds, and offshore funds)
3. Other investment advisers or financial planners
4. Banking or thrift institutions
5. Accountants or accounting firms
6. Lawyers or law firms
7. Insurance companies or agencies
8. Real estate and mortgage brokers
9. Sponsors or syndicators of limited partnerships

None of these relationships are compensated, and as a result NCM believes that conflicts of interests with clients are either non-existent or not material. NCM enters relationships with such entities for two major purposes: (1) to enhance NCM's own service to clients by being able to make timely and qualified referrals of clients in need of other professional services, and (2) as part of NCM's efforts to market itself to and through other professionals.

11. Code of Ethics, Participation/Interest in Client Transactions, Personal Trading

NCM follows the Code of Ethics promulgated by the CFA Institute. A copy of this code of ethics is available at cfainstitute.org and can be found as well on newcapitalmgmt.com. NCM will also provide a printed copy to any client or prospective client upon request.

The Chartered Financial Analyst (CFA) charter is a globally respected, graduate-level investment credential established in 1962 and awarded by CFA Institute — the largest global association of investment professionals.

There are currently more than 90,000 CFA charterholders working in 135 countries. To earn the CFA charter, candidates must: 1) pass three annual, sequential, six-hour examinations; 2) have at least four years of qualified professional investment experience; 3) join CFA Institute as members; and 4) commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct.

The CFA Institute Code of Ethics and Standards of Professional Conduct, enforced through an active professional conduct program, require CFA charterholders to:

- Place their clients' interests ahead of their own
- Maintain independence and objectivity
- Act with integrity
- Maintain and improve their professional competence
- Disclose conflicts of interest and legal matters

Passing the three CFA exams is a difficult feat that requires extensive study (successful candidates report spending an average of 300 hours of study per level). Earning the CFA charter demonstrates mastery of many of the advanced skills needed for investment analysis and decision-making in today's rapidly evolving global financial industry. Employers and clients increasingly seek CFA charterholders, often making the charter a prerequisite for employment.

Regulatory bodies in 19 countries, including in the United States, recognize the CFA charter as a proxy for meeting certain licensing requirements, and more than 125 colleges and universities around the world have incorporated a majority of the CFA Program curriculum into their own finance courses.

The CFA Program curriculum provides a comprehensive framework of knowledge for investment decision-making and is firmly grounded in the knowledge and skills used every day in the investment profession. The three levels of the CFA Program test proficiency with a wide range of fundamental and advanced investment topics, including ethical and professional standards, fixed income and equity analysis, alternative and derivative investments, economics, financial reporting standards, portfolio management, and wealth planning.

The CFA Program curriculum is updated every year by experts from around the world to ensure that candidates learn the most relevant and practical new tools, ideas, and investment and wealth management skills to reflect the dynamic and complex nature of the profession. Continuing education materials are made available through a variety of means to existing charterholders, and completion of CE hours is recognized through a certification process.

Personal Trading and Client Transactions. NCM personnel may invest in the same securities it recommends for clients. All trading, whether for its own or client portfolios, is done on an individual portfolio basis, with timing purely dependent upon personal needs and circumstances. All securities are bought and sold through brokers. Rather than being a potential conflict of interest, NCM believes that the fact that it holds many of the same securities in its own personal portfolios as it purchases for clients better aligns its interests and those of its clients.

12. Brokerage Practices

New Capital Management has an arrangement with National Financial Services LLC and Fidelity Brokerage Services LLC (collectively, and together with all affiliates, "Fidelity") through which Fidelity provides NCM with "institutional platform services." The institutional platform services include, among others, brokerage, custody, and other related services. Fidelity's institutional platform services that assist NCM in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of fees from its clients' accounts; and (v) assist with back-office functions, record-keeping and client reporting.

Fidelity also offers other services intended to help NCM manage and further develop its advisory practice. Such services include, but are not limited to, performance reporting, financial planning, contact management systems, third party research, publications, access to educational conferences, roundtables and webinars, practice management resources, access to consultants and other third party service providers who provide a wide array of business related services and technology with whom NCM may contract directly.

NCM is independently operated and owned and is not affiliated with Fidelity.

Fidelity generally does not charge its advisor clients separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Fidelity or that settle into Fidelity accounts (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity provides access to many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges.

13. Review of Accounts

NCM periodically reviews its clients' accounts and financial plans. Such reviews occur:

- *Quarterly*, upon generation of and prior to distribution of client quarterly reports. Such reviews are focused primarily on assessing whether any divergence of client

accounts from assigned target risk benchmarks has occurred during the quarter and, if so, the cause and remedy.

- *Annually*, prior to and during meeting with clients for a regular review. Changes to account positions may result from changes in the investment environment or changes in a client's personal financial condition.
- *Ad hoc*, such as upon requests by clients, during periods of high market volatility, or simply during the course of performance of tasks for clients.

NCM provides regular quarterly and comprehensive end of year reports to its clients. These reports are generated using a system provided by Morningstar Inc., a major financial data provider.

14. Client Referrals and Other Compensation

NCM does not compensate any client or other person or entity, directly or indirectly, for client referrals. NCM therefore believes that no conflicts of interest arise from referrals that it receives.

15. Custody

Custody of NCM client funds is with Fidelity Investments. Clients receive monthly and end of year account and tax statements directly from Fidelity and should carefully and regularly review those statements for accuracy. NCM maintains online access to copies of all client statements and tax documents.

A minority of NCM clients may have investments with other investment companies that are not eligible for custody with Fidelity (for example, a hedge fund or limited partnership). In such cases, clients will receive statements directly from the investment company.

16. Investment Discretion

NCM accepts discretionary authority to manage securities accounts on behalf of clients. NCM offers three levels of discretion to its clients:

- *Discretionary* confers power of attorney to manage client accounts without requiring prior client permission to place trades. NCM grants a [10 bps] discount to clients who grant discretion (as the management and trading process is easier).
- *Partial discretion* confers power to place trades on 10% of the value of assets without requiring prior client permission.
- *Non-discretionary* requires NCM to notify clients of all trades prior to placing them.

NCM clients designate their choice of discretionary authority in the practice's Investment Management Agreement. Clients further grant trading and asset movement authorities to NCM via the Investment Management Agreement and via Fidelity Investment's account applications.

17. Voting Client Securities

NCM does not provide the means or authority to vote client securities. Clients receive their proxies or other solicitations directly from custodians (i.e., Fidelity Investments), corporate issuers (e.g., Exxon Mobil), investment companies (e.g., Pimco), or transfer agents (e.g., BNY Mellon). Clients are welcome to contact NCM with questions about particular solicitations.

18. Financial Information

NCM has no financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.

NCM has not been the subject of a bankruptcy petition at any time.