

# Wrap Fee Program Brochure

## AmericaFirst Capital Management, LLC

8150 Sierra College Boulevard, Suite 290  
Roseville, CA 95661

**March 29, 2013**

### **Item 1 - Cover Page**

#### **Contact information:**

Chief Compliance Officer: Robert G. Roach, Jr. 1.916.787.9940 x109  
Website: [www.AmericaFirstFunds.com](http://www.AmericaFirstFunds.com)

*This wrap fee program brochure provides information about the qualifications and business practices of AmericaFirst Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at 1.866.960.1355 or [info@afcm-quant.com](mailto:info@afcm-quant.com). The information in this brochure has not been approved or verified by the United State Securities and Exchange Commission (SEC) or by any state securities authority.*

*Additional information about AmericaFirst Capital Management, LLC, is also available on the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

# Wrap Fee Program Brochure

## **Item 2 - Material Changes**

1. Initial Filing on 03/01/2011:

- a. This is an “amended” filing of what we regard as “The New Part 2” of our Form ADV. As a result, this document, dated 03/29/2013 has had changes made to it.
  - Chief Compliance Officer is Robert G. Roach, Jr.
2. We may, at any time, update this Brochure, please download it from the SEC Website as indicated above or you may contact our Chief Compliance Officer, Robert G. Roach, Jr. at 866.960.1355 or [rroach@afcm-quant.com](mailto:rroach@afcm-quant.com).

# Wrap Fee Program Brochure

## **Item 3 - Table of Contents**

Item 1 - Cover Page .....	1
Item 2 - Material Changes.....	2
Item 3 - Table of Contents .....	3
Item 4 - Services, Fees and Compensation .....	4
Item 5 - Account Requirements and Types of Clients.....	7
Item 6 - Portfolio Manager Selection and Evaluation .....	8
Item 7 - Client Information Provided to Portfolio Managers .....	10
Item 8 - Client Contact with Portfolio Managers.....	11
Item 9 - Additional Information.....	12

## Wrap Fee Program Brochure

### **Item 4 - Services, Fees and Compensation**

AmericaFirst Capital Management, LLC (“AFCM”) provides portfolio management services to its advisory clients. AFCM investment strategies rely on a scientific approach, with strategies researched and tested before implementation.

AFCM was founded on the belief that investing should be a fact-based and unemotional process. Fact-Based Investing involves the selection of investments based on time-tested, quantifiable criteria.

AFCM tailors to the unique and individual needs of our clients by offering two portfolio models...the Moderate Growth allocation model, and our less volatile Asset Preservation Model.

The Moderate Growth Model seeks to provide stock-like returns with less volatility (as measured by standard deviation and downside capture ratios). The Model chooses from over 30 investment indices (long and short) and rebalances on an at least quarterly basis to proactively keep with Market trends.

The Asset Preservation Model seeks bond-like returns with less interest rate risk. The Model mostly holds income-producing asset classes that have a low correlation to each other as well as the stock market(s). The Model may also hold alternative and balanced funds.

Clients are free to impose restrictions on certain security types so long as it does not compromise the integrity of the Model. We would encourage a prospect to express any concerns they might have prior to coming to an agreement.

AFCM participates in a “Wrap Fee Program”. Our Wrap Fee Program (AFCM Wrap Fee Program) is one that the transactions or ticket charges are absorbed by AFCM. In the Wrap Fee Program, the clients have an all-inclusive Investment Advisory Agreement with AFCM for a single all-inclusive fee based on a percentage of the client’s assets under management. AFCM is also the sponsor of the AFCM Wrap Fee Program and thus will receive all of the fees charged under this program.

Typically all costs for Brokerage transactions are paid for by AFCM. Special services fees, such as electronic funds transfers and other client requests are passed on to the clients.

## Wrap Fee Program Brochure

Our compensation is based on an annual percentage of assets under management in your account. Thus, fees will vary based on the size of your account. Our fees are negotiable. Our wrap fee program fees may cost you more or less than purchasing the wrap account services we provide separately (paying as you incur the cost); assuming similar services could be purchased directly. Among other factors, you should consider (1) the amount of the wrap fee; (2) the level of portfolio activity in your account (both volume and frequency); and (3) the value of the custodial and advisory services provided under our wrap fee program.

Our compensation for services for our separately managed accounts is calculated in accordance with the following fee schedule. The formula used to devise the fee is based on the ending balance of the account for the month previous (in arrears) multiplied by the annual rate, divided by 365 (days in year), multiplied by the days in the billing period. For example, a \$100,000 Account balance (as of 02/28/2013) with an annual fee of 1% for the period of 03/01/2013 to 03/31/2013 would be as follows:

$$(\$100,000 \times .01) / 365 \times 31 \text{ (days in billing cycle)} = \$84.93$$

Compensation is due and payable monthly. The fees are deducted from the client's account by AFCM. Fees generally are negotiable and may be negotiated or waived for any account. This is also disclosed in the Investment Advisory Agreement.

VALUE OF PORTFOLIO	ANNUAL COMPENSATION RATE
Less than \$249,999	1.95%
\$250,000 - \$499,999	1.75%
\$500,000 - \$999,999	1.50%
\$1 million - \$2 million	1.25%
Over \$2 million	1.00%

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody and must ensure proper procedures are implemented.

## Wrap Fee Program Brochure

AFCM is deemed to have custody over Wrap Fee Program accounts. AFCM has established the following procedures to ensure compliance with the SEC's Custody Rule:

- All client funds and securities are held at First Clearing, LLC a registered broker/dealer which serves as the qualified custodian in a separate account for each client under that client's name.
- Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained.
- Account statements are delivered directly from TradePMR on behalf of First Clearing, LLC. to each client, or the client's independent representative, at least quarterly. TradePMR has partnered with First Clearing, LLC to execute and process securities transactions for your account(s). Clients should carefully review those statements and are urged to compare the statements against reports received from AFCM. When clients have questions about their account statements, they should contact AFCM or the qualified custodian preparing the statement.

## Wrap Fee Program Brochure

### **Item 5 - Account Requirements and Types of Clients**

AFCM imposes a \$100,000 minimum to open an account. We will however make exceptions if the account is part of a larger household.

AFCM provides Investment Advisory Services to Separately Managed Account clients who may consist of individuals, Trusts, or Pension plans and the management of Mutual Funds.

## Wrap Fee Program Brochure

### **Item 6 - Portfolio Manager Selection and Evaluation**

(“AmericaFirst” “AFCM”) is a privately-held company formed in 2007. Rick A. Gonsalves is our only Portfolio Manager. In addition, Rick Gonsalves is currently a principal owner, owning 33.45% of AFCM on a fully diluted basis and is deemed a control person of AFCM.<sup>1</sup>

The asset classes in which we invest are primarily determined by a proprietary quantitative model that has been back tested to determine its hypothetical performance in good and bad investment markets.

AFCM manages the following Mutual Fund products AmericaFirst Quantitative Strategies Fund, AmericaFirst Absolute Return Fund, AmericaFirst Income Trends Fund, and AmericaFirst Defensive Growth Fund. AFCM will also commence managing Unit Investment Trusts (“UITs”) in 2013.

Because of the relationship of the above named Advisor and AFCM there is a conflict between the interests of the representative and the interest of the client in that the representative may receive fees for the management of the Separately Managed Account that may hold the Mutual Funds or UITs mentioned above, while benefiting from the fees charged by AFCM for the management of the same funds.

The client is under no obligation to act upon the representative’s recommendation to invest in the above named mutual fund or UIT products and if the client elects to act on such recommendations, the client is under no obligation to affect such transaction with the above mentioned Advisor.

Backtesting is the process of testing an investment strategy over prior time periods by using historical data. It allows the Strategist to go back in history

---

<sup>1</sup> A control person is defined as an individual who possesses a 25% or more ownership position in a company and/or is an executive officer of a company.



## Wrap Fee Program Brochure

and test a system through market downturns and up-trends as well as changes in the economy.

*Investment strategies and performance generated from backtesting are hypothetical, derived from the benefit of hindsight, and do not include the effect of management or trading fees. The historical performance does not represent actual trading and may not reflect the impact that material economic and market factors may have had on the investment decision making process. Actual investment results may differ materially from the hypothetical results, including the risk of loss.*

*All investments in securities include a risk of loss of your principal (invested amount) and any profits that have not been realized (the securities were not sold to “lock in” the profit). As you know, stock markets, bond markets fluctuate substantially over time. In addition, as recent global and domestic economic events have indicated, performance of any investment is not guaranteed. As a result, there is a risk of loss of the assets we manage that may be out of our control. We will do our very best in the management of your assets; however, we cannot guarantee any level of performance or that you will not experience a loss of your account assets. Investing involves risk of loss that you the client should be prepared to bear. Past performance is no indication of future results.*

AFCM obtains its data from data vendors such as Factset, Interactive Data Corp. (IDC), Standard & Poors, Value Line, Ford Equity Services, Morningstar, and Thomson Financial.

AFCM will not vote proxies on behalf of our individual clients.

## Wrap Fee Program Brochure

### **Item 7 - Client Information Provided to Portfolio Managers**

AFCM is the Portfolio Manager and the Sponsor of the “AFCM Wrap Fee Program”. We do not send client information to third parties.

## Wrap Fee Program Brochure

### **Item 8 - Client Contact with Portfolio Managers**

We have no restrictions on our clients contacting their Portfolio Manager.

## Wrap Fee Program Brochure

### **Item 9 - Additional Information**

The Firm does not have any legal, financial or other “disciplinary” items to report to you. We are obligated to disclose any disciplinary event that would be material to you when evaluating us to initiate a Client/Adviser relationship, or to continue a Client/Adviser relationship with us.

Below is a list of the firm’s management persons and their disciplinary history:

Rick A. Gonsalves -	No material disciplinary information
Robert Clark -	No material disciplinary information
Robert G. Roach, Jr. -	No material disciplinary information

AFCM owns 100% of AmericaFirst Securities, Inc., a FINRA registered Broker/Dealer.

AFCM is a minority owner and affiliate of Matrix Capital Group, Inc. a registered Broker/Dealer.

AFCM is the investment manager for the AmericaFirst Quantitative Fund and AmericaFirst Quantitative Trust, both of which are registered investment companies formed under the Investment Company Act of 1940.<sup>2</sup>

The Code of Ethics has been adopted by AFCM (the “Adviser”) for the purpose of instructing all employees, officers, and directors of the Adviser in their ethical obligations and to provide rules for their personal securities transactions. All such persons owe a fiduciary duty to you the Adviser’s clients. A fiduciary duty means a duty of loyalty, fairness and good faith towards you the clients, and the obligation to adhere not only to the specific provisions of this Code but to the general principles that guide the Code. These general principles are:

- The duty at all times to place the interests of you the clients first;
- The requirement that all personal securities transactions be conducted in a manner consistent with the Code of Ethics and in such a manner as to avoid any actual or potential conflict of interest or any abuse of any individual’s position of trust and responsibility; and

---

<sup>2</sup> AmericaFirst Quantitative Trust’s registration as an investment company is pending as of this date.

## Wrap Fee Program Brochure

- The fundamental standard that such employees, officers, and directors should not take inappropriate advantage of their positions or of their relationship with you the clients.

It is imperative that the personal trading activities of the employees, officers, and directors of the Adviser be conducted with the highest regard for these general principles in order to avoid any possible conflict of interest, any appearance of a conflict, or activities that could lead to disciplinary action. This includes executing transactions through or for the benefit of a third party when the transaction is not in keeping with the general principles of the Code.

All personal securities transactions must also comply with the Adviser's Insider Trading Policy and Procedures. Employees shall comply at all times with all applicable federal securities laws. Federal securities laws means the Securities Act of 1933, the Securities Exchange Act of 1934, the Sarbanes-Oxley Act of 2002, the Investment Company Act of 1940, the Investment Advisers Act of 1940, Title V of the Gramm-Leach-Bliley Act, any rules adopted by the Securities & Exchange Commission under any of these statutes, the Bank Secrecy Act as it applies to funds and investment advisers, and any rules adopted there under by the Securities & Exchange Commission or the Department of the Treasury. Employees shall at all times maintain the confidentiality of client identities, security holdings, financial circumstances and other confidential information. Employees shall report any violations of this Code of Ethics promptly to the Compliance Officer.

A copy of AFCM's Code of Ethics is available upon request.

AFCM may at any given time, determine that the investment objectives of an account may be best served by investing assets of the account in shares of one or more of the Mutual Funds from which AFCM receives fees as an investment advisor.

All accounts are generally reviewed on an at least quarterly basis by an assigned or designated Investment Advisor Representative, "IAR". Reviews may be triggered by material market, economic and/or political events. Changes in a client's financial situation may also be a trigger for review.

AFCM does not compensate others for client referrals.

Currently, AFCM has no financial conditions that may impair our ability to meet contractual commitments to our clients.