



AMBASSADOR CAPITAL MANAGEMENT

Investment Management Services

Form ADV, PART 2A -- Brochure

This brochure provides information about the qualifications and business practice of Ambassador Capital Management ("Ambassador"). If you have any questions about the contents of this brochure, please contact us at webmail@ambassador-capital.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 Ambassador also is available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for Ambassador is 110999.

Ambassador is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

**500 Griswold Street, Suite 2800
Detroit, MI 48226
(313) 961-3111
www.ambassador-capital.com**

The date of this Brochure is March 26, 2014

Item 2 – Material Changes

This brochure is prepared in accordance with the SEC’s “Uniform Requirements for the Investment Adviser Brochure and Brochure Supplements”. Summary of Material Changes to this brochure from March 2013 to March 2014 are as follows:

- Item 5 was expanded to offer a more thorough explanation of the methods by which fees may be calculated.
- Item 8 was expanded to provide a more thorough explanation of the risks involved in fixed income investing.
- Item 9 was expanded to disclose an SEC Order Instituting Proceedings, which Ambassador is defending.
- Item 13 was modified to reflect the addition of two additional portfolio managers with responsibility for account review.
- Item 16 was revised to clarify the means by which Ambassador accepts investment discretion from its clients.

Item 3 – Table of Contents

	<u>Page</u>
Item 2 – Material Changes	1
Item 3 – Table of Contents.....	1
Item 4 – Advisory Business	1
Item 5 – Fees and Compensation	2
Item 6 – Performance-Based Fees and Side-By-Side Management	3
Item 7 – Types of Clients.....	3
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	4
Item 9 – Disciplinary Information	6
Item 10 – Other Financial Industry Activities and Affiliates	7
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	7
Item 12 – Brokerage Practices	8
Item 13 – Review of Accounts.....	9
Item 14 – Client Referrals and Other Compensation.....	10
Item 15 – Custody	10
Item 16 – Investment Discretion.....	10
Item 17 – Voting Client Securities.....	10
Item 18 – Financial Information	10
Item 19 – Requirements for State-Registered Advisers.....	10

Item 4 – Advisory Business

Ambassador Capital Management was founded in 1998 by Brian T. Jeffries, and since that time has offered investment advisory services. At present, our principal owners (those who own 25% or more of our firm) are Brian T. Jeffries and Gregory A. Prost. Our principal office is located in Detroit, Michigan.

Ambassador offers discretionary fixed income portfolio management services to institutional investors, such as municipalities, pension and profit sharing plans, charitable organizations, corporations, financial institutions, insurance companies, and mutual funds. We limit our investment advice to fixed income securities, such as bonds, notes and bills issued by the U.S. government or its agencies, asset-backed, mortgage-backed and commercial mortgage-backed securities, commercial paper and debt instruments issued by corporations (including financial institutions), and obligations of state and local governments. We make portfolio investment decisions according to the investment objectives and risk tolerances of each client, and also the client's stated investment restrictions (if any) and special circumstances. As a relationship-oriented firm, we emphasize individualized attention to a client's assets and investment needs. Investment advisory agreements may be terminated at any time by either the client or us upon written notice.

As of December 31, 2013, we managed \$1,293,573,136 of client assets on a discretionary basis and \$12,107,864 of client assets on a non-discretionary basis.

Item 5 – Fees and Compensation

Ambassador charges fees, billed in arrears, based upon the value of a client's assets that we manage. During consultation with each new client, we establish billing periods (typically monthly or quarterly) and the method of fee calculation (typically based on the net asset value of a client's account as of the last day of the billing period). Where there are significant cash inflows or outflows during a billing period, we may make adjustments to the fees to account for these fluctuations.

We will pro-rate fees charged to new clients based on the number of days in the billing period during which the new client's account was open. If a client terminates the relationship with us other than at the end of a billing period, we will calculate the fees for the billing period in which termination occurred as if the date of termination were the end of the billing period.

Ambassador is generally responsible for valuing client accounts for billing purposes, but may rely on the client's custodian for valuation at the client's request. When Ambassador is responsible for valuation, we value the securities in a client's account that are listed or traded on a national securities exchange on the valuation date at the closing price on the principal exchange where the security is traded. We value other securities in a manner that we believe in good faith reflects the security's fair market value. Where a client's custodian values a client's account, the custodian may value assets using a different method.

We prefer to have our clients authorize the custodian to pay all fees directly from their account, in compliance with applicable SEC and state rules that permit this type of arrangement. However, if clients prefer, we will bill them for fees incurred on a regular basis.

Our standard fee schedules for new accounts are as follows:

Cash/Enhanced Cash	
First \$25,000,000	0.20%
\$25,000,001 to \$50,000,000	0.15%
Over \$50,000,000.....	0.10%
Core:	
\$5,000,000 to \$100,000,000	0.25%
Over \$100,000,000.....	0.15%
Government/Credit:	
\$5,000,000 to \$100,000,000	0.25%
Over \$100,000,000.....	0.15%
Core Plus:	
\$5,000,000 to \$100,000,000	0.30%
Over \$100,000,000.....	0.20%
Credit and/or Mortgage:	
\$5,000,000 to \$100,000,000	0.30%
Over \$100,000,000.....	0.20%
Negative Duration:	
\$25,000,000 to \$100,000,000	0.35%
Over \$100,000,000.....	0.25%

Our current minimum annual fee is \$20,000. In certain circumstances, we may make modifications to the standard fee schedule based on responsibilities involved, prior relationships and/or other relevant considerations. In such cases, a lower or higher fee may result.

In addition to the fees we charge as described above, assets invested in mutual funds (including ETFs) are also subject to various other fees and expenses that are described in the applicable fund's prospectus. These fees and expenses are paid by clients as shareholders of the funds. Additional expenses associated with investments in mutual funds typically include fees for such services as investment advisory, administration, distribution, transfer agent, custodian, legal and audit.

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

We do not charge or accept “performance-based fees”, which are fees based on a share of capital gains on, or capital appreciation of, the assets of a client.

Item 7 – Types of Clients

We offer discretionary and non-discretionary fixed income portfolio management services to institutional investors: municipalities, pension and profit sharing plans, charitable organizations,

corporations, financial institutions, insurance companies, and mutual funds. We typically require a minimum initial account size of \$5,000,000 or greater.

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

Ambassador aims to achieve performance consistency through the combined use of diversified investment strategies and disciplined analysis. Our process is designed in part to determine the direction and placement of the economy within its movement through a cycle. In large part, the economy's placement along that cycle is the largest determinant of performance opportunities. Quantitative analysis is a foundational element of our process, but not the dominant factor in the process. Our process identifies fundamental growth opportunities within the broad core fixed income markets, while overlaying a value component to quantify risk. The fundamental analysis concentrates on identifying quality and strength in the economy, bond sectors and individual issuers. Value is measured in terms of relative comparisons and exposure to downside risk. Regardless of our past experience, investing in fixed income securities involves the risk of loss that a client should be prepared to bear.

We consistently look for opportunities to upgrade the quality of the portfolio without a corresponding increase in overall risk. Our analysis is designed to identify investments that are mispriced relative to value within the marketplace that we feel are exploitable. The analysis, which begins with a big, macro view, is consistently applied to maturity, sector and individual security relationships to exploit movement in relative value as measured by various statistical modeling techniques (standard deviation in particular).

The principal risks associated with fixed income investing are interest rate risk and credit (default) risk. Certain portfolios, depending on their specific holdings, may also be subject to prepayment risk or risk from investing in below investment grade securities.

- Interest rate risk – The value of a fixed income security may decline due to an increase in the absolute level of interest rates, or changes in the spread between two rates, the shape of the yield curve or any other interest rate relationship. Longer-term securities are generally more sensitive to interest rate changes than shorter-term securities. Generally, the longer the average maturity of the securities held in a portfolio, the more the portfolio's value will fluctuate in response to interest rate changes.
- Credit (default) risk – A portfolio may lose money if an issuer of a fixed income security is unable or unwilling to make timely principal and/or interest payments or to otherwise honor its payment obligations. Further, when an issuer suffers adverse changes in its financial condition or credit rating, the price of its debt obligations may decline and/or experience greater volatility. These adverse changes can also affect the liquidity of an issuer's securities and make them more difficult to sell.
- Prepayment risk – Rates of prepayment, faster or slower than expected, can reduce a portfolio's overall yield, increase volatility, and/or cause a decline in value. When an issuer exercises its right to prepay principal on an obligation held in a portfolio earlier or at a higher rate than expected, the portfolio may incur losses from being unable to recoup its initial investment and/or from having to reinvest in lower yielding securities. This can

have an adverse effect on income, total return and/or share price. Prepayment risk tends to be highest in periods of declining interest rates. Asset-backed securities, including mortgage-backed and commercial mortgage-backed securities, are subject to greater prepayment risk than other types of fixed income securities.

- Risk from investing in below investment grade securities – Securities rated below investment grade, including comparable unrated securities, are generally subject to greater credit risk than investment grade securities, which subjects these securities to greater volatility in price and greater risk of loss, including the possibility of default or bankruptcy by the issuer. The values of below investment grade securities not only tend to be more sensitive to fluctuations in interest rate levels than values of higher-rated securities, but also tend to react more to individual corporate developments and changes in economic conditions. Issuers of below investment grade securities are often highly leveraged and may not have available more traditional methods of financing, which can impair their ability to service debt obligations during an economic downturn or during sustained periods of rising interest rates. Below investment grade securities are generally unsecured and frequently subordinated to the prior payment of senior indebtedness; therefore, the risk of loss due to default by such issuers is significantly greater than that of investment grade securities. Additionally, below investment grade securities may have call or buy-back features that permit their issuers to call or repurchase the securities from their holders. If an issuer exercises these rights during periods of declining interest rates, the portfolio may incur losses from being unable to recoup its initial investment and/or from having to reinvest in lower yielding securities. This can have an adverse effect on income, total return and/or share price.

Limited markets exist for below investment grade securities, which may diminish a holder's ability to obtain accurate market quotations for purposes of valuing such securities. Further, a limited market may make it more difficult to sell the securities at fair value to meet a need for cash or to respond to changes in the economy or financial markets.

We believe that it is difficult to consistently make accurate long-term interest rate predictions. As a result, we generally maintain the duration (interest rate sensitivity) of our portfolios close to their respective benchmark index levels. However, the yield curve (yield levels for maturities from 0 to 30 years) has a long-term relationship with the movement of the economy along the economic cycle and offers us an attractive means of adding Alpha while having limited downside risk. We compare the yield curve shape versus our estimate of the strength of the economy. Value in the curve is measured using statistical measurements to compare historical averages.

Sector allocation and maturity structure decisions are heavily influenced by the broad, macro approach of our overall strategy. Issuer selection is heavily influenced by a micro, disciplined approach to identifying opportunities, with value measured in terms of relative comparisons and exposure to risk, particularly large downside risk. Ambassador is biased toward asset-rich issuers and biased against brokerage firms and money center banks. As a result, we generally maintain holdings in high quality issuers in industries that exhibit long-term stability.

Ambassador's research examines credit (default) risk to determine an issuer's level of quality and liquidity. Our credit risk analysis utilizes macroeconomic modeling to identify and manage the various risk factors associated with the underlying credit. Approximately 75% of our research is conducted in-house utilizing data feeds from numerous independent and widely used rating, economic, and analytical sources (Bloomberg, FDIC, Moody's, etc.). While company visits are rare, in-house calls with representatives from government and government-sponsored agencies are not rare.

We perform due diligence on all securities prior to adding them to a client's investment portfolio and continue our review throughout the holding period. For securities other than U.S. Treasuries, we start with fundamental analysis that focuses on leverage, profitability, liquidity and efficiency. Equity market data is then introduced with a focus on volatility, peer comparison and real time pricing. Ambassador, through our proprietary model known as Ambassador Credit Score (ACS), generates a credit rating of the company and compares it to those assigned by the Nationally Recognized Statistical Ratings Organizations (NRSROs). Lastly, we perform an assessment of value by comparing the current yield spreads to peers, other alternatives and historical data. The ACS model is based on earlier versions of popular credit scoring and default models. The ACS combines the best attributes of those models and also incorporates a level of expertise and discipline to create a complete fundamental credit process. The model is driven by fundamental financial data as well as equity market information to determine corporate credit risk. Through our intensive credit research process, we screen a universe of over 1,000 securities from the Barclays Universal Index through the ACS. Each security is given fundamental and technical scores which serve to illustrate the downside risk, credit quality, and relative value of the issuer and corresponding security.

We use our own proprietary models to measure overall risk in our client portfolios. Risk management involves the use of duration to measure interest rate sensitivity, duration-squared to measure placement along the yield curve, and sector weightings to measure exposure to credit. All three risk measures are analyzed at both a macro and micro level. We seek to mitigate interest rate risk through a close matching of the index and a range of +/- 10%. We also seek to mitigate credit risk through the use of small allocation sizes. Lastly, we stress our portfolios under various economic scenarios to identify any other potential risks to the portfolio.

Ambassador typically owns securities which are held in the index against which are our performance is being measured. Exceptions to that include collateral mortgage obligations (CMOs) and securities that have a maturity of less than a year that we use for yield curve strategies or liquidity needs. Often times we purchase CMOs as a substitute to pass-through securities as we prefer the added certainty concerning the timing of cash flows and the duration stability CMOs offer. We do not use leverage in any of our positions.

Item 9 – Disciplinary Information

Prior to November 26, 2013, neither our firm nor any of our management persons had been involved in any legal or disciplinary proceedings during the past 10 years that is material to a client's (or a prospective client's) evaluation of our advisory business or the integrity of our management. Specifically, there had been no criminal or civil actions involving our firm or our management persons, there had been no administrative proceedings before the United States

Securities and Exchange Commission or any other foreign, federal or state regulatory agency, and there had been no proceedings by a self-regulatory organization involving our firm or any of our management persons.

On November 26, 2013, the Securities and Exchange Commission (SEC) issued an Order Instituting Proceedings against Ambassador Capital Management, LLC and Portfolio Manager Derek H. Oglesby alleging a money market fund managed by Ambassador failed to comply with certain requirements under Rule 2a-7 under the Investment Company Act, allegedly resulting in violations of Sections 206(1) and (2) of the Investment Advisers Act and Sections 31(a), 34(b) and 35(d) of the Investment Company Act and Rules 22c-1, 31(a)-1 and 38a-1 thereunder.

Ambassador and Mr. Oglesby filed answers on January 10, 2014 denying the allegations in the Order Instituting Proceedings. On January 7, 2014 Administrative Law Judge Cameron Elliot entered an Order setting a trial to commence on May 5, 2014.

Item 10 – Other Financial Industry Activities and Affiliates

Ambassador is not registered as a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor or an associated person of any of the foregoing entities, nor do we have an application pending to register as any of such entities. In addition, none of our management persons are registered representatives of a broker-dealer, and none are registered as a futures commission merchant, commodity pool operator, commodity trading advisor or an associated person of any of the foregoing entities, nor do any of our management persons have an application for such registration pending.

We do not recommend or select other investment advisers for our clients, nor do we have any business relationships with any other investment advisers that would create a material conflict of interest.

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

Ambassador has adopted a Code of Ethics that complies with the requirements of SEC Rule 204A-1 under the Investment Advisers Act of 1940, as amended. This Code governs the personal securities trading activities of our “access persons”, which include all Ambassador personnel and any other person who provides investment advice on our behalf and who is subject to our supervision and/or control. Our Code recognizes that all access persons owe a fiduciary duty to our clients, and is designed to ensure that all access persons conduct their personal securities transactions in a manner that does not interfere with the transactions of a client or otherwise take unfair advantage of the relationship with a client. To that end, the Code contains specific principles of conduct, prohibits certain types of securities trading activities by access persons, requires pre-clearance for certain securities transactions by access persons and requires access persons to file initial holdings reports and quarterly transactions reports with our Chief Compliance Officer. We will provide a copy of our Code of Ethics to any client upon request, without charge.

Access persons may purchase and/or hold securities that are purchased in client accounts. Such personal securities transactions are subject to our Code of Ethics and internal compliance procedures, which include disclosure and reporting requirements designed to prevent actual or potential conflicts of interest with transactions recommended or executed in client accounts. We require all access persons who maintain brokerage account(s) to provide compliance personnel with transaction confirmations and periodic statements for these accounts. In general, access persons may only purchase or sell a security that has been purchased or sold for a client account after we have completed all transactions for the clients' accounts.

We do not buy or sell for client accounts any securities in which we or any of our "related persons" have a material financial interest. From time to time, we may execute cross trades between clients, and when doing so, we will utilize an independent broker for execution of the trade and to determine a fair price for the security involved.

Item 12 – Brokerage Practices

A. Selecting or Recommending Broker-Dealers. Depending on the terms of the investment advisory agreement, and subject to client restrictions, clients generally give us full discretionary trading authority that allows us to select the broker-dealers through which securities will be bought or sold, while retaining the right to direct that certain securities transactions be executed through one or more specified broker-dealers.

Where Ambassador has full discretionary trading authority over a client's account, Ambassador selects broker-dealers to effect securities transactions in an effort to obtain "best execution" after considering a number of factors, including (but not limited to) the execution capabilities necessary to the transaction, the importance of speed, efficiency and confidentiality, the broker-dealer's apparent familiarity with the types of investors from whom or to whom particular securities may be purchased or sold, and the reputation and perceived soundness of the broker-dealer.

Consistent with our goal of seeking best execution, we do not select any broker-dealer solely on the basis of its purported or posted commission rates and, although we generally seek competitive commission rates, we do not necessarily pay the lowest commissions or commission equivalents. However, we will take reasonable steps to be aware of the current level of charges by eligible broker-dealers and to minimize the transaction expenses incurred, to the extent consistent with the interests and policies of our clients' accounts. Transactions involving specialized services on the part of the broker-dealer tend to result in higher commissions or commission equivalents than would be the case with other transactions requiring more routine services.

1. Research and Other Soft Dollar Benefits. We do not receive research or other products or services as benefits of doing business with any broker-dealers (so-called "soft dollar" benefits).
2. Brokerage for Client Referrals. We do not receive client referrals from broker-dealers or other third parties that would create any conflict of interest in the selection of broker-dealers.

3. Directed Brokerage. A client may direct us to use a particular broker-dealer to execute transactions under terms and arrangements that the client has negotiated. Where this occurs, we may not be in a position to negotiate the lowest commissions or spreads for the client, or to achieve best execution of trades. In addition, we may not be able to aggregate directed brokerage transactions with other Ambassador client transactions (see discussion below). Accordingly, the designation by a client of one or more specific broker-dealer may result in higher commissions, greater spreads, less favorable prices and/or poorer execution than might be realized where we select the broker-dealer.

B. Aggregating Transactions. From time to time we may be in the position of buying or selling the same security for a number of clients at approximately the same time. Because of market fluctuations, the prices obtained on such transactions on a single day may vary substantially. In such situations, some clients will receive prices more favorable than other clients. To more equitably allocate the effects of such market fluctuations, we may use an averaging procedure for certain transactions, under which purchases or sales of a particular security will be aggregated (“batched”) for all accounts trading in the same security on the same day. In such cases, the prices shown on confirmation reports for these purchases or sales will be the average execution price for the batch. In certain situations, batched orders entered may not be completely filled, and in such event we will generally pro-rate the completed portion of the order to ensure that all clients participating in the batched order will receive an allocated portion of the completed transaction. Where a pro-rata allocation is not feasible due to lot size limitations or other similar circumstances, we will allocate trades in a manner designed to maintain minimal dispersion among client accounts within the same investment discipline.

Item 13 – Review of Accounts

Our portfolio managers conduct investment reviews of accounts on a continuous basis. We conduct complete reviews at least monthly and at the end of each quarter. We also survey client account(s) whenever there is a change in pertinent factors such as financial needs of the client, investment objectives, securities prices, market fluctuations, etc.

The individuals responsible for reviewing client accounts are: Gregory A. Prost, Chief Investment Officer, Talmadge D. Gunn, Senior Vice President and Senior Portfolio Manager, Michael J. Krushena, Senior Portfolio Manager, Michael R. Vandenbossche, Senior Portfolio Manager, and Derek H. Oglesby, Director of Quantitative Research. Portfolios are reviewed based upon client objectives relative to structure, interest rate sensitivity, credit quality and other client-imposed restrictions.

Client custodians provide monthly and/or quarterly portfolio holdings statements to clients. Ambassador provides written monthly and/or quarterly portfolio appraisals detailing portfolio structure, holdings, income, etc. We encourage clients to compare our portfolio appraisals with the statements received from their custodian to confirm that the investments we report are in fact held by the custodian.

We also provide written market updates informing clients of relevant developments at least quarterly. In addition, we schedule in-person visits periodically at the client’s discretion to ensure communication and understanding of portfolio activities and accomplishments.

Item 14 – Client Referrals and Other Compensation

From time to time, we may enter into marketing arrangements with third-party solicitors who will be compensated by us for referring prospective clients to us. Where required by law, each marketing arrangement will be governed by a written agreement that complies with SEC Rule 206(4)-3 under the Investment Advisers Act of 1940, as amended. In such arrangements, a conflict of interest exists if the referral source would receive lesser or no compensation from other qualified investment advisers for the referral of the same client. We will provide the prospective client with copies of this Brochure, a separate disclosure of the nature of any applicable marketing or referral arrangement and any other document required under applicable law in order to assess the extent of this conflict of interest. We will not pass on to our clients any referral fees we pay to third-party solicitors.

Item 15 – Custody

We do not hold custody of any client funds or securities. While we normally provide our clients with regular periodic statements of their account's status and performance, we encourage our clients to compare the information contained in the statements we provide with the information that each client receives from the custodian of their account.

Item 16 – Investment Discretion

Ambassador generally manages its client accounts on a fully discretionary basis pursuant to authority granted under a written Investment Management Agreement with the client. Clients may place limitations on our investment authority, including limitations related to specific types or levels of investments objectives, as well as policies or limitations requiring some form of prior notice before we are allowed to execute transactions. Clients may terminate any investment discretion granted to Ambassador at any time without prior notice, but such termination must be in writing (including email communications).

Item 17 – Voting Client Securities

Because none of the securities in which Ambassador invests on behalf of its clients have voting rights, Ambassador does not take any action, or render any advice, with respect to the voting of proxies.

Item 18 – Financial Information

Ambassador does not require or solicit prepayment of fees. As a result, we are exempt from the requirement to provide balance sheet information in this brochure. We have no financial condition that is reasonably likely to impair our ability to meet contractual commitments to our clients.

Item 19 – Requirements for State-Registered Advisers

Not applicable.