

Academy Asset Management LLC

123 South Broad Street, Suite 1630

Philadelphia, PA 19109

Phone: (215) 979-3750

Fax: (215) 979-3759

management@academyasset.com

www.academyasset.com

Client Brochure (ADV Part 2A)

March 24, 2014

This brochure provides information about the qualifications and business practices of Academy Asset Management LLC. If you have any questions about the contents of this brochure, please contact us at 215-979-3750 or management@academyasset.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.

Academy Asset Management LLC is an Investment Advisor registered with the Securities and Exchange Commission. Registration does not imply a certain level of skill or training.

Additional information about Academy Asset Management LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Material Changes

Not applicable

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Advisory Business

Academy Asset Management LLC ("Academy") is a limited liability company registered as an Investment Adviser with the Securities and Exchange Commission ("SEC"). Academy was founded in 2007 by its principal owner, David Jacovini, for the purpose of providing professional management of investment assets. It offers its investment supervisory service through *five platforms*:

- Individually Managed Accounts
- Institutional Accounts
- Mutual Fund (Investment Company) Management
- Employer-Sponsored Benefits Program Management
- Sub-Advisory Services

As of December 31, 2013 Academy's total assets under management was \$31,567,083.

Platforms Defined

Individually Managed Accounts

Academy provides discretionary and continual supervisory services to client portfolios through its *Individually Managed Account* platform. Academy constructs balanced, client-specific portfolios based on the client's risk tolerance and investment horizon. It does this by utilizing a selection of mutual funds that offer exposure to a wide range of asset classes. While Academy generally utilizes no-load mutual funds exclusively for its Individual Managed Accounts, it may incorporate individual securities as well. It will also work within client mandated restrictions if

directed. As of December 31, 2013 Academy managed \$2,838,746 on a discretionary basis through Individually Managed Accounts.

Institutional Accounts

Academy provides discretionary and continual supervisory services to client portfolios through its *Institutional Account* platform. The *Institutional Account* platform is generally intended for clients whose circumstances either require or lend themselves to direct security ownership or for clients who choose to adopt an investment strategy that necessitates individual securities ownership. Academy is able to work within client mandated restrictions when applicable, and as of December 31, 2013 Academy managed \$7,355,197 on a discretionary basis through this platform

Mutual Fund (Investment Company) Management

Academy may provide discretionary and continual supervisory services to the Academy/Innovator Funds (multiple series of Academy Funds Trust). As of December 31, 2013 Academy did not advise any mutual funds; however, Innovator Management LLC (“Innovator”), Academy’s subsidiary, did have discretionary authority over the Innovator Matrix Income Fund (“IMIFX/IMIIX”). The Fund was declared effective December 10, 2011 and opened to investors January 31, 2012. For more information, please refer to the Fund’s prospectus and statement of additional information.

Academy may also offer consultation to investors in the Academy Funds. This service will be complimentary, limited in scope, and should in no way be thought to constitute an Advisory relationship.

Employer-Sponsored Benefits Program Management (401(k) etc.)

Academy provides asset-allocation and mutual fund-selection advice through its *Employer-Sponsored Benefits Program Management* platform.

Academy is a participating firm in Professional Capital Services, LLC’s (“PCS”) *AdvisorPlan Program*, which Academy makes available to its plan sponsor clients and potential customers. Under its *AdvisorPlan Program*, PCS provides expertise, infrastructure, back-office services, Internet services, marketing and recordkeeping for a wide variety of employee benefit services including defined contribution retirement plans intended to be qualified under Section 401(a) of the Internal Revenue Code of 1986, as amended (“Code”), Code Section 403(b) plans, Code Section 457 plans, rollover individual retirement accounts, non-qualified deferred compensation arrangements, donor advised funds and other personal trust programs.

Academy offers retirement plan advisory services to sponsors of retirement plans covered by the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). In the *Employer-Sponsored Benefits Program Management* service, the plan sponsor enters into both (i) an Investment Advisory Agreement with Academy and (ii) a separate administrative and recordkeeping services agreement with PCS.

Pursuant to the Investment Advisory Agreement, Academy provides to the plan sponsor, and assists the plan sponsor in selecting, investment strategies within its mutual fund allocation

program, which the plan sponsor then makes available to the plan participants as investment options. Academy also provides the plan sponsor with information to assist each plan participant in selecting an appropriate allocation model for his or her investment goals and objectives and his or her risk tolerance. With this information, a suitable allocation strategy for the participant's plan account can be created, and using this strategy, Academy is able to provide a recommended list or model of no-load mutual funds to implement each of the allocation strategies selected by the plan sponsor and made available to plan participants. After which, Academy reviews the allocation models and selected funds no less than on a quarterly basis. From time to time, in accordance with the related investment strategy, Academy may rebalance the allocation models and/or add or remove recommended funds taking into account the performance of the mutual funds included in the allocation models and other factors it deems appropriate.

After Academy electronically transmits allocation model changes, PCS is then responsible to execute the necessary trades in the plan participants' accounts. However, it is Academy that is responsible for monitoring the relevant data relating to the performance of each mutual fund and investment strategy. Academy is also responsible to provide the plan sponsor, through PCS, with quarterly reports relating to the performance of each mutual fund and investment strategy.

As of December 31, 2013 Academy managed \$918,465 through its Employer-Sponsored Benefits Program Management on a non-discretionary basis.

Sub-Advisory Services

Academy manages investment advisory accounts on a sub-advisory basis. These mandates vary in scope and may include fixed income and equity strategies. Academy has discretionary authority to trade for these accounts but does not maintain direct contractual relationships with these accounts.

As of December 31, 2013 Academy managed \$20,454,675 in Acacia Investment Advisory Group, Inc. accounts on a sub-advisory, discretionary basis.

Fees and Compensation

In addition to Academy's management fees (described below), all accounts may incur fees associated with brokerage, custody, and underlying fund expenses. For more information, please see Brokerage Practices

Institutional and Individually Managed Accounts

As compensation for its services, Academy is entitled to withdraw from the accounts a quarterly management fee payable in arrears. Academy will make this withdrawal within ten (10) days following its submission to the client of an invoice for the accrued fee at the beginning of each calendar quarter. If, however, Academy has served for less than the whole of any calendar quarter, the management fee will be determined on a pro-rata basis for the portion of the calendar quarter for which Academy has served. No refunds will be given for a period during which services were rendered according to the terms of the management agreement.

For *Individually Managed Accounts*, the quarterly fees will be calculated according to the following fee schedule:

Accounts valuing less than \$500,000.00: **0.75% annualized management fee.**
Accounts valuing \$500,000.00 or greater: **0.50% annualized management fee.**

This schedule is negotiable based on the anticipated scope and scale of the services provided.

For *Institutional Accounts*, the quarterly fees will be calculated according to a **negotiated annualized management fee** based on the scope and scale of the services provided.

To determine the proper value of the accounts, the net asset value of the investments in the accounts will be calculated using their last reported prices on the final trading day of March, June, September and December. If there is no public market for a particular investment held by the client, that investment shall be valued at its original cost, or at a current fair value as calculated in good faith by Academy.

Individually Managed Accounts frequently hold no-load mutual funds as a significant percentage of assets under management which results in clients paying an additional set of fees imbedded in the funds. *Institutional Accounts* may also hold shares of no-load mutual funds which results in clients paying an additional set of fees imbedded in the funds.

Mutual Fund (Investment Company) Management

At present, Academy does not serve as advisor to a mutual fund, however its subsidiary, Innovator, does serve as the advisor to IMIFX/IMIIX. For more information please review the Fund's prospectus and statement of additional information.

In the future, Academy may serve as Investment Advisor to the Academy Funds and receive management fees from the Academy Funds; these fees are calculated based on a percentage of the average daily net assets of each Academy Fund. The management fee is computed and accrued daily and paid monthly. Academy may also receive an administrative services fee that is used to pay certain operating expenses of the Funds; the administrative fee is calculated based on the average daily net assets of each Academy Fund and is paid monthly. Investors should review any Academy Fund's Prospectus for full fee schedules, including applicable management fees. The advisory services and the administrative services agreements are subject to the supervision of the Board of Trustees of the Academy Funds.

Employer-Sponsored Benefits Program Management (401(k) etc.)

Plans face a negotiable **0.50% annualized management fee** for Academy's plan management services.

In addition to plan-level investment management fees, plan participants also face other expenses. They face the imbedded fees of the no-load mutual funds in which they invest. Additionally, plan sponsors and plan participants also pay a separate negotiable set of fees for custody and plan administration. These fees are negotiated by the client and Professional Capital Services.

Performance-Based Fees and Side-By-Side Management

Not applicable

Types of Clients

Academy's clients may include individuals; investment companies; pension and profit sharing plans; trusts, estates, or charitable organizations; and corporations or other business entities.

Academy's Account minimums are \$100,000, \$2,000,000, and \$500,000 for Individual Account Management, Institutional Accounts and Employer-Sponsored Benefits Program Management, respectively. In all cases, minimum account sizes are negotiable, at Academy's discretion, in instances when there is the anticipation of additional assets being added in a reasonable time frame that will cause the account to reach the minimum or when the account is one of multiple accounts held by affiliated clients or when the scope of service requested permits a smaller account size.

Methods of Analysis, Investment Strategies and Risk of Loss

In order to select investments that are aligned with its strategies, Academy undertakes rigorous and ongoing fundamental analysis utilizing the following: financial newspapers and magazines, corporate activities, annual reports, prospectuses, SEC filings, corporate rating services, company press releases, and research materials prepared by others.

Specific types of investments that Academy may offer advice on include, but are not necessarily limited to, the following: equity securities (exchange-listed securities, securities traded over-the-counter, foreign issuers), warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, mutual fund shares, United States government securities, options on securities and commodities, futures contracts on tangibles and intangibles, and interests in partnerships investing in real estate or oil and gas interests.

In general, investment strategies that Academy may employ include: long term purchases (held at least a year), short term purchases (held less than a year), trading (sold within 30 days), short sales, margin transactions, and option writing, including covered options, uncovered options, spreading strategies.

Each strategy Academy employs involves risk. Investors should be aware that there is the potential for a loss of principal. Additionally, when short term trading is employed, investors should be aware that this can result in increased brokerage expenses and/or tax implications which can negatively affect returns.

Disciplinary Information

Not applicable

Other Financial Industry Activities and Affiliations

As part of its services Academy may recommend allocation strategies and specific funds. Among these funds are the "Academy/Innovator Funds"- those to which Academy serves as Advisor and receives a management fee as well as the Innovator Funds, to which Academy's subsidiary, Innovator, serves as Advisor and receives a management fee. These relationships are fully disclosed to clients, and they are alerted that Academy will use Academy/Innovator Funds wherever appropriate.

In instances where Academy does invest a percentage of the client's assets in the Academy/Innovator Funds, the quarterly management fee charged to Individual or Institutional Accounts will be waived with respect to that portion, thus avoiding any double charge. Similarly, in the case of the *Employer-Sponsored Benefits Program Management* service, Client Plans (to which Academy serves as a fiduciary) may invest in the Academy/Innovator Funds, provided a Client Plan does not pay any Plan-level investment management or investment advisory fees to Academy with respect to any of the assets of such Plan that are invested in shares of any of the Academy/Innovator Funds.

It should also be noted that:

- Academy owns a 5% interest in Acacia Investment Advisory Group, Inc. From time to time Acacia advised accounts may engage Academy in a sub-advisory capacity and Academy recognizes the inherent conflict of interest that exists as a result.
- Academy owns a 51% interest in Innovator Management LLC, an SEC-registered investment advisor. Academy shares office space and systems with Innovator and provides certain non-advisory services to Innovator pursuant to a services agreement. Additionally, Academy personnel operate Innovator and serve as its officers.

Academy understands its responsibilities to put client interests first and to ensure that no account is unfairly disadvantaged. To meet these ends the Advisor has established extensive compliance procedures. These procedures are outlined in its compliance manual and are overseen by a Chief Compliance Officer.

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

Academy may recommend to clients that they buy or sell securities or investment products in which Academy Asset Management LLC (or a related person) has an interest. (Please see "Other Financial Industry Activities and Affiliations" for details.) Additionally, Academy (or a related person) may buy or sell securities for itself that it also recommends to clients. In these situations, Academy (or a related person) may have an incentive to put its own interests ahead of the client's best interest. It is Academy's policy to always put clients' interests first. To monitor this policy and address these potential conflicts, Academy has adopted a Code of Ethics, described below, which contains restrictions, internal procedures, and disclosure requirements governing any related person's engagement in these transactions.

In order to maintain the highest ethical standards, and to comply with Rule 204A-1 under the Advisers Act, Academy has adopted a Code of Ethics (the "Code"). The Code governs an associated person's personal securities transactions. All personal securities transactions of Covered Persons (as defined in the Code) will be conducted consistent with the Code and in such a manner to avoid any actual or potential conflict of interest or any abuse of an associated person's position of trust and responsibility. The fundamental standard of the Code is that associated persons should not take any inappropriate advantage of their positions. This standard is enforced through specific restrictions and requirements relating to the pre-clearance of trades, blackout periods, prohibited transactions, and minimum holding periods, with which Covered Persons must make sure to comply.

The Code sets out basic principles designed to guide associated persons in the course of their business activities and practices, including complying with applicable securities laws and periodically reporting personal securities transactions and holdings. All associated persons and employees must read the Code, certify that they have done so (upon hire and annually thereafter), and conduct themselves in accordance with it.

Academy will provide a copy of its Code of Ethics to any client or prospective client upon request.

Brokerage Practices

Academy will aggregate client trades when possible in order to receive volume discounts on commissions. However, whether trades are “bunched” or not, Academy understands its fiduciary responsibility to allocate each trade so that all Accounts receive fair and equitable treatment and none are systematically disadvantaged. Therefore Academy maintains documented Trading Policies and Procedures, which generally include pro-rata distribution of pre-allocated, bunched trades, to ensure account equality.

Unless stated by the client in writing, Academy retains the right to choose a broker dealer based on internal criteria that include a consideration of commission price, quality of execution, and quality of investment research. Moreover, Academy has no obligation to seek competitive bids or the lowest commission cost to the client; Academy is permitted to cause higher commissions to be paid to brokers and dealers who provide brokerage and research services than to brokers and dealers who do not provide such services if Academy makes a good faith determination that such higher commissions are deemed reasonable in relation to the value of the brokerage and research services provided. In cases where clients do direct Academy to execute trades through a designated broker, Academy’s ability to negotiate commissions, obtain volume discounts, and obtain best execution may be impaired. Therefore, these clients may pay commission rates that differ from the rates paid by other clients of Academy.

At present, Academy does receive analyst reports that do come as a benefit of ongoing maintenance of various brokerage relationships. These reports, however, are not received in connection with any soft dollar program. The research obtained through these relationships is used by Academy in connection with its decision making process with respect to all of its clients and may not be used, or used exclusively, for the client generating the brokerage. Further, because this research is used for the benefit of all accounts, Academy does not make any attempt to allocate the specific costs to each account.

In addition, in some cases commission dollars may be used to pay custody charges. These commission rates may be higher than those obtainable elsewhere, reflecting the quality of service (research, execution, custody). The level of these services is continually evaluated, and Academy is responsible to use its best judgment to select brokers from a maintained Approved Broker List in order to obtain best execution for each trade and to assure that conflicts of interest do not develop.

Review of Accounts

While account management and supervision is a continuous process, clients receive quarterly printed reports from Academy (which contain appraisals, transactions, and allocations) and formal account reviews are held annually, whenever market conditions warrant, or at any time they are reasonably requested by the client. The objectives of the reviews are to assess account performance and to review allocation of assets among classes. David Jacovini (Chief Executive Officer) and Michael Gries (Equity Analyst) are responsible for the reviews. Results of the review are shared with the client through individual conversations.

In the case of Academy's Employer-Sponsored Benefits Program Management, Michael Gries provides quarterly performance updates to the Plan Sponsor and an annual written report covering performance, a review of each investment option, and the Advisor's strategy for ongoing management of the plan.

Client Referrals and Other Compensation

Not applicable

Custody

All *Individually Managed Account* and *Institutional* clients receive regular monthly statements from the custodian of their accounts. Additionally, Academy provides a more detailed statement to the client quarterly, and Academy's Investment Advisor Representatives are available to confer with those clients whenever it is reasonably requested. The statements you receive from your custodian and the statements you receive from Academy should be carefully reviewed and compared against each other.

Investment Discretion

In the case of Academy's *Employer-sponsored Benefits Program Management*, Academy provides investment selection and model creation; however, the plan participants maintain discretion over how they allocate their assets between the available investments. In all other cases, Academy has full discretion and authority to make all investment decisions with respect to types and amounts. This authority is outlined in Academy's discretionary management agreement and established once signed by both the client and a representative of Academy. Any limitations to this authority will be reflected on the account's Investment Policy Statement.

Voting Client Securities

Academy recognizes its obligation to vote proxies for investments held by clients over which it exercises full discretionary authority, and will do so unless a client specifically reserves the right, in writing, to vote its own proxies. Academy also understands its obligation to vote in the best interest of its clients, believes it is in the best position to do so – to the extent that it researches, recommends, and monitors clients' investments – and has established Proxy Voting Policies and Procedures that it believes are reasonably designed to ensure votes are handled properly. If at any time Academy determines to decline the responsibility of voting proxies, it must notify clients.

Academy has also made provisions so that any client of Academy can obtain Academy's complete Proxy Voting Policies, which is summarized here. Additionally, clients are entitled to receive, upon request, a history of how their specific proxies were voted.

For a complete copy of Academy's Proxy Voting Policies, which includes provisions regarding how conflicts of interests will be handled, or for a history of how one's proxies have been voted, clients should contact Academy's Operations Manager, Michael Gries at management@academyasset.com.

Financial Information

Not applicable

Requirements for State-Registered Advisers

Not applicable

Brochure Supplement (ADV Part 2B)

David James Jacovini

Address:

Academy Asset Management LLC
123 South Broad Street, Suite 1630
Philadelphia, PA 19109

Phone:

215-979-3754

Date of Supplement:

March 24, 2014

This brochure supplement provides information about David Jacovini that supplements the attached Academy Asset Management LLC brochure. Please contact Michael Gries at 215-979-3753 if the Academy Asset Management brochure (Part 2A) was not included with this supplement or if you have any questions about this supplement.

Additional information about David Jacovini is available on the SEC's website at www.adviserinfo.sec.gov

Educational Background and Business Experience

David James Jacovini

Chief Executive Officer, Portfolio Manager

Date of Birth: January 6, 1976

Education: College of the Holy Cross, BA 1997; MIT Sloan School of Management, MBA (Financial Engineering Track) 2002

Business Background: VLI Capital Management LLC, Philadelphia, PA, 2005-2007; Deutsche Bank AG, New York, NY, 2002-2005; MBA Program, Cambridge, MA, 2000-2002; Prudential Securities Incorporated, New York, NY, 1997-2000

Disciplinary Information

Not applicable

Other Business Activities

President, Treasurer, and Trustee- Academy Funds Trust

President- Innovator Management LLC

Additional Compensation

Not applicable

Supervision

Michael Gries, Academy's CCO, reviews client correspondence, sales literature, and trading activity for the Advisor. Mr. Gries can be reached at 215-979-3753.

Brochure Supplement (ADV Part 2B)

Michael David Gries

Address:

Academy Asset Management LLC
123 South Broad Street, Suite 1630
Philadelphia, PA 19109

Phone:

215-979-3753

Date of Supplement:

March 24, 2014

This brochure supplement provides information about Michael Gries that supplements the attached Academy Asset Management LLC brochure. Please contact Michael Gries at 215-979-3753 if the Academy Asset Management brochure (Part 2A) was not included with this supplement or if you have any questions about this supplement.

Additional information about Michael Gries is available on the SEC's website at www.adviserinfo.sec.gov

Educational Background and Business Experience

Michael David Gries

Chief Compliance Officer, Equity Analyst

Date of Birth: December 20, 1974

Education: College of the Holy Cross, BA 1997;

Business Background: MIT Sloan School of Management, Cambridge, MA, 2007;
TheStreet.com/Weiss Ratings, Boston, MA, 2005-2007;

Disciplinary Information

Not applicable

Other Business Activities

Vice-President, Secretary, and Chief Compliance Officer- Academy Funds Trust

Chief Compliance Officer- Innovator Management LLC

Additional Compensation

Not applicable

Supervision

David Jacovini assists in Academy's compliance and review efforts. This includes a review of Mr. Gries' client correspondence and trading activity. Mr. Jacovini can be reached at 215-979-3754.