

**Augusta Capital Management, LLC**

**1100 Frazier Drive  
Augusta, Ga. 30909**

**706 364-4281**

**March 15, 2014**

**FORM ADV PART 2A  
BROCHURE**

**This brochure provides information about the qualifications and business practices of Augusta Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at 706 364-4281, or by email at [jpr@augustacapital.co](mailto:jpr@augustacapital.co). 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 Augusta Capital Management, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Augusta Capital Management, LLC is 164721.**

**Augusta Capital Management 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.**

## Material Changes

William Patrick Fair became chief compliance officer for Augusta Capital Management in November 2013.

## Table of Contents

<b>ITEM 4</b>	<b><i>Advisory Business .....</i></b>	<b><i>1</i></b>
<b>ITEM 5</b>	<b><i>Fees and Compensation .....</i></b>	<b><i>2</i></b>
<b>ITEM 6</b>	<b><i>Performance-Based Fees and Side-By-Side Management .....</i></b>	<b><i>3</i></b>
<b>ITEM 7</b>	<b><i>Types of Clients.....</i></b>	<b><i>3</i></b>
<b>ITEM 8</b>	<b><i>Methods of Analysis, Investment Strategies and Risk of Loss .....</i></b>	<b><i>3</i></b>
<b>ITEM 9</b>	<b><i>Disciplinary Information .....</i></b>	<b><i>5</i></b>
<b>ITEM 10</b>	<b><i>Other Financial Industry Activities and Affiliations.....</i></b>	<b><i>7</i></b>
<b>ITEM 11</b>	<b><i>Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....</i></b>	<b><i>8</i></b>
<b>ITEM 12</b>	<b><i>Brokerage Practices.....</i></b>	<b><i>9</i></b>
<b>ITEM 13</b>	<b><i>Review of Accounts .....</i></b>	<b><i>10</i></b>
<b>ITEM 14</b>	<b><i>Client Referrals and Other Compensation. ....</i></b>	<b><i>10</i></b>
<b>ITEM 15</b>	<b><i>Custody.....</i></b>	<b><i>10</i></b>
<b>ITEM 16</b>	<b><i>Investment Discretion.....</i></b>	<b><i>10</i></b>
<b>ITEM 17</b>	<b><i>Voting Client Securities .....</i></b>	<b><i>11</i></b>
<b>ITEM 18</b>	<b><i>Financial Information .....</i></b>	<b><i>11</i></b>

## **ITEM 4 Advisory Business**

Form ADV Part 2A, Item 4

Augusta Capital Management, LLC was organized in 2008 and became an independent, fee-based Registered Investment Advisor in 2012 in Augusta, Georgia. Augusta Capital Management, LLC provides advisory services for institutional clients such as pension funds, endowments, other financial advisors, non-profit organizations, etc.

The sole owner of Augusta Capital Management, LLC is John Parker Rhodes. John Parker Rhodes also owns 33% of AP Wealth Management, LLC, a Registered Investment Advisor for high net worth individuals and families and 100% of Augusta Capital Investors, LLC, a Registered Investment Advisor that provides advisory services for a private fund known as The Augusta Fund.

Augusta Capital Management performs the following services for its institutional clients:

### **Asset Consulting**

- Recommend investment policy specifying the objectives and guidelines for each pool of assets
- Evaluate and monitor all incumbent consultants, custodians, and portfolio managers
- Monthly reporting of asset allocation and investment performance
- Regular meetings with the client's investment committee to review results and make recommendations
- Ongoing monitoring and searches for prospective investment strategies and portfolio managers

### **Tactical Portfolio Management**

- Discretionary portfolios managed directly by Augusta Capital Management, LLC
- May use options, structured notes, private placements, hedge funds, etc in addition to stocks, bonds, mutual funds, ETFs, closed end funds, etc. in attempting to achieve specific tactical objectives that might not otherwise be available from conventional portfolio managers.

The firm is advisor for \$632,800,000 on a non-discretionary basis. This figure is as of 12/31/2013.

## Item 5 Fees and Compensation

Form ADV Part 2A, Item 5

### Fee Schedule

As a percentage of assets under management:

#### Asset Consulting

First \$100 million	0.20%
Next \$200 million	0.15%
Next \$200 million	0.10%
Over \$500 million	0.05%

#### Tactical Consulting

Incremental to the asset consulting fee

First \$50 million	0.45%
Next \$50 million	0.35%
Over \$100 million	0.25%

We may also negotiate performance-based fees with clients.

These fee schedules are negotiable based on the scope of the assignment.

We deduct fees from clients' custodial accounts. Fees are billed and deducted monthly. Fees for accounts managed by Augusta Capital Management are billed for the month on the 15<sup>th</sup> day based on the prior month's ending market value.

The month in which an account is funded is billed in arrears based on the initial amount funded and prorated for the portion of the month in which the account was funded. Additional contributions to accounts are billed in this same manner.

Separate account managers, open end mutual funds, exchange traded funds, closed end funds, etc. all have management and operational expenses which the client will bear. Some mutual fund purchases incur transaction charges which the client will bear. Securities purchases may also incur transaction charges. Custodians have fees associated with their services that the client will bear. Augusta Capital Management, LLC does not participate in any of these fees.

Clients may bear the cost of commissions or markups for the purchase of certain securities. Augusta Capital Management does not reduce our advisory fees to offset commissions or markups, nor do we receive any revenue from such commissions or markups.

## ***ITEM 6 Performance-Based Fees and Side-By-Side Management***

Form ADV Part 2A, Item 6

As noted in Item 5, Augusta Capital Management may charge performance-based fees.

Augusta Capital Management undertakes to act in a fair and equitable manner and to resolve and mitigate conflicts or potential conflicts in a timely manner. Because Augusta Capital Management has the responsibility for managing more than one account, often with different fee structures, (e.g., side-by-side management), potential conflicts of interest can arise.

There is potential for providing preferential treatment to one account or fund over others in terms of allocation of management time, resources, and investment opportunities. To mitigate the risk of favoring certain Clients over others, Augusta Capital Management has implemented policies and procedures to address trade allocation decisions, order aggregation and brokerage allocation decisions. These policies and procedures seek to ensure fair allocation of investment opportunities among all Clients. We periodically examine performance dispersion among accounts employing similar investment strategies to ensure that any material divergence in expected performance is adequately understood. Augusta Capital Management constructs its portfolios and allocates trades among portfolios to minimize any potential for bias.

## ***ITEM 7 Types of Clients***

Form ADV Part 2A, Item 7

The firm primarily provides investment consulting and management to non-profit and for-profit institutions and organizations. The minimum investment relationship is \$10,000,000 in assets. Exceptions to this minimum may be made on a case by case basis.

## ***ITEM 8 Methods of Analysis, Investment Strategies and Risk of Loss***

Form ADV Part 2A, Item 8

We use an asset allocation approach to investing. We categorize investments in four categories: Attain, Relative Return, Opportunistic, and Protect. We match a client's risk profile with the allocation among the categories. For example, a very conservative client will have most of their investments in the Protect category. An aggressive client might have most of their assets invested in the Attain and Relative Return categories.

We use unaffiliated separate account managers, open end mutual funds, exchange traded funds, closed end funds, individual equities and individual fixed income securities to implement our strategies. There is risk of loss to the client, up to the full amount of the investment, in any of these types of investments. None of these investments is FDIC insured or guaranteed in any manner. There are no guarantees that investment objectives will be met.

## **Material risks in our investment strategies:**

*Equity Risk.* Equity prices can fall rapidly in response to developments affecting a specific company or industry, or to changing economic, political or market conditions.

*Fixed-Income Risk.* When we invest assets in fixed-income securities, the value of the investment will fluctuate with changes in interest rates, as well as other factors. Defaults by fixed income issuers may also detract from performance.

*Junk Bond Risk.* Lower-quality bonds, known as "high yield" or "junk" bonds, present greater risk than bonds of higher quality, including an increased risk of default. An economic downturn or period of rising interest rates could adversely affect the market for these bonds and reduce liquidity in these bonds. Junk bond issuers are more sensitive to economic conditions than high quality issuers and more likely to seek bankruptcy protection which will delay resolution of bond holder claims and may eliminate liquidity.

*Foreign Risk.* Foreign markets can be more volatile than the U.S. market due to increased risks of adverse issuer, political, regulatory, market, or economic developments and can perform differently from the U.S. market.

*Emerging Markets Risk.* Funds that we invest client money in may invest in emerging market countries that may have relatively unstable governments, weaker economies, and less-developed legal systems, which do not protect securities holders. Emerging market economies may be based on only a few industries and security issuers may be more susceptible to economic weakness and more likely to default.

*Commodity-Linked Derivative Risk.* When the Fund invests in commodities through funds that invest in commodity-linked derivative instruments the Fund is exposed to risks affecting a particular industry or commodity, such as drought, floods, and adverse regulatory developments. Commodity-linked derivatives may also have leverage risk, which amplifies the effect of a small movement in commodity prices on the Fund.

*Management Risk.* The Adviser's dependence on multi-asset diversification and judgments about the attractiveness, value and potential appreciation of particular Asset Classes in which we invest will in some cases prove to be incorrect and have negative impacts on performance.

*Portfolio Turnover Risk.* As to the portion of the portfolio invested in ETFs and closed-end investment companies, turnover may result in higher brokerage commissions, dealer mark-ups and other transaction costs.

*Small and Mid-Capitalization Issuer Risk.* Investments in securities of small- and mid-capitalization companies may be more vulnerable than larger, more established organizations to adverse business or economic developments. These companies often have narrower markets, fewer products, or services to offer and more limited managerial and financial resources than do larger, more established companies.

*Underlying Fund Costs and Risks.* Each mutual fund (open end or closed end) and Exchange traded fund is subject to specific risks, depending on its investments. Underlying Funds are also subject to investment advisory and other expenses, which are borne by the client. As a result, your overall cost of investing in funds rather than the underlying stocks, bonds and other basic assets will be higher than the cost of investing directly in them.

*Liquidity Risk.* Some investments may have limited or no marketability and will not be able to be sold quickly enough to prevent or minimize a loss.

Augusta Capital Management recommends a number of types of investments to our clients. The investor is subject to risk of loss of all of their capital in any of these investments; whether due to market-related losses or fraud committed by the investment companies. Accounts are protected by the SIPC to mitigate losses due to fraud or theft.

## ITEM 9 Disciplinary Information

Form ADV Part 2A, Item 9

A. A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which your firm or a management person

1. was convicted of, or pled guilty or nolo contendere ("no contest") to (a) any felony; (b) a misdemeanor that involved investments or an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses;

None

2. is the named subject of a pending criminal proceeding that involves an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses;

None

3. was found to have been involved in a violation of an investment-related statute or regulation; or

None

4. was the subject of any order, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, your firm or a management person from engaging in any investment-related activity, or from violating any investment-related statute, rule, or order.

None

B. An administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority in which your firm or a management person

1. was found to have caused an investment-related business to lose its authorization to do business; or

None

2. was found to have been involved in a violation of an investment-related statute or regulation and was the subject of an order by the agency or authority

(a) denying, suspending, or revoking the authorization of your firm or a management person to act in an investment-related business;

None

(b) barring or suspending your firm's or a management person's association with an investment-related business;

None

(c) otherwise significantly limiting your firm's or a management person's investment-related activities; or

None

(d) imposing a civil money penalty of more than \$2,500 on your firm or a management person.

None



C. A self-regulatory organization (SRO) proceeding in which your firm or a management person

1. was found to have caused an investment-related business to lose its authorization to do business; or  
None

2. was found to have been involved in a violation of the SRO's rules and was: (i) barred or suspended from membership or from association with other members, or was expelled from membership;  
(ii) otherwise significantly limited from investment-related activities; (iii) fined \$2500 or more

None

No one associated with Augusta Capital Management has been subject to any of the disciplinary matters mentioned above.

## **ITEM 10 Other Financial Industry Activities and Affiliations**

Form ADV Part 2A, Item 10

John Parker Rhodes owns 33% of AP Wealth Management, LLC, a registered investment adviser serving high net worth individuals and families, as well as some non-profit organizations.

John Parker Rhodes owns 100% of Augusta Capital Investors, LLC, a registered investment adviser that advises a private fund known as The Augusta Fund.

William Patrick Fair owns 33% of AP Wealth Management, LLC.

No one associated with Augusta Capital Management is registered as a futures commission merchant, commodity pool operator, commodity trading advisor nor is associated with any of the foregoing entities.

We select other investment advisers for clients. We do not receive any compensation from these advisers, either directly or indirectly.

**ITEM 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

Form ADV Part 2A, Item 11

The firm has a code of ethics that centers on our role as a fiduciary for our clients. We will disclose fully any conflicts we might have with clients, we will seek the best execution for client market transactions, and we will have a reasonable basis for all recommendations made to clients. We have policies and procedures to help ensure that we do not act in a manner contrary to our clients' best interests. The code of ethics is available upon request.

We do not engage in the practice of recommending, or buying or selling for client accounts, securities in which we or a related person has a material financial interest.

The advisors at Augusta Capital Management may take positions in their own accounts in securities that are the same as, similar to, or the opposite of those that may be recommended to our advisory clients, due to personal similarities or differences in investment goals and risk tolerances. Our positions are of a modest scale and in securities that are widely traded, such that they qualify as de minimis relative to any market impact. If we believe there is any risk that our own investment interests may be deemed to create a possible conflict with the impartiality of the advice and recommendations that we give to clients, we will divulge information on those investment positions to any affected client.

The advisors at Augusta Capital Management will not purchase securities for their own accounts within 3 business days prior to buying or selling the same securities in client accounts. This prevents us from buying a security ahead of a client and then investing client money in the same security in the hopes of increasing the price of the security for our benefit.

## **ITEM 12 Brokerage Practices**

Form ADV Part 2A, Item 12

Augusta Capital Management will assist our clients in choosing a custodian if requested.

Augusta Capital Management does not receive research or other products or services from a broker-dealer or third party in connection with, or in exchange for, client securities transactions.

The firm does not use client brokerage commissions (or markups or markdowns) to obtain research or other products or services from a broker-dealer or third party.

Augusta Capital Management does not receive research or other products or services in exchange for recommending a broker-dealer.

Augusta Capital Management does not accept soft dollar benefits.

Neither Augusta Capital Management, nor any related persons, acquired any products or services in the last fiscal year with client brokerage commissions (or markups or markdowns).

The firm did not direct client transactions to a particular broker-dealer in return for soft dollar benefits.

Augusta Capital Management does not receive client referrals from a broker-dealer or third party in exchange for selecting or recommending a broker-dealer or third party.

The firm did not direct client transactions to a particular broker-dealer in the past year in exchange for client referrals.

We do not recommend, request, or require clients to direct us to execute transactions through a specified broker-dealer.

We do not permit clients to direct brokerage.

When purchasing individual securities for multiple accounts, we will attempt to aggregate the order. This will help limit the price differential from one client to another. Aggregation generally does not reduce the transaction costs for the client.

### ***ITEM 13 Review of Accounts***

Form ADV Part 2A, Item 13

Accounts are reviewed on at least on a quarterly basis by John Parker Rhodes and William Patrick Fair.

Accounts are reviewed for performance against appropriate benchmarks, for appropriate allocation based on the client's risk/reward profile and for any changes in the strategies or management of the holdings selected for the account.

Accounts will be reviewed at a client's specific request, especially if there has been a significant change in the investment environment or the client's personal circumstances.

Quarterly snapshot reports produced by Morningstar Office software are provided. These reports illustrate the allocation of the account and performance history. Monthly statements are provided to the client by the custodian.

### ***ITEM 14 Client Referrals and Other Compensation***

Form ADV Part 2A, Item 14

Augusta Capital Management receives no economic benefit from non-clients for providing investment advice or other advisory services to our clients.

Augusta Capital Management does not directly or indirectly compensate any person who is not supervised by Augusta Capital Management for client referrals.

### ***ITEM 15 Custody***

Form ADV Part 2A, Item 15

Augusta Capital Management, LLC does not have custody of client funds or securities.

### ***ITEM 16 Investment Discretion***

Form ADV Part 2A, Item 16

Augusta Capital Management accepts discretionary authority to manage securities accounts on behalf of clients. Clients may provide us with a list of securities or industries to exclude from purchase. This authority to manage securities accounts on a discretionary basis is granted on the investment management agreement signed by the client.

### **ITEM 17 Voting Client Securities**

Form ADV Part 2A, Item 17

We will accept authority to vote client securities. John Rhodes is responsible for voting client securities. We follow the ISS guidelines ([www.issgovernance.com](http://www.issgovernance.com)) when voting client securities and always vote in the client's best interest. If there is a potential conflict of interest in a vote, we will contact the affected client(s) and obtain their voting decision on the particular matter. We will keep a record of these instances. Clients may contact us prior to a voting deadline and direct our vote of their securities. Clients may contact us and we will immediately provide information regarding how a client's securities were voted. Our policies on proxy voting and/or a copy of the ISS guidelines are available upon request by calling us at 706 364-4281.

Some clients do not grant us authority to vote their securities. These clients will receive their proxies or other solicitations directly from the custodian or transfer agent. Clients are welcome to contact us at 706 364-4281 should they have questions regarding a particular solicitation.

### **ITEM 18 Financial Information**

Form ADV Part 2A, Item 18

We do not require or solicit prepayment of more than \$500 in fees per client, six months or more in advance.

We are not aware of any aspect of our financial condition that would be reasonably likely to impair our ability to meet contractual commitments to clients.

Neither the firm nor any of its principals has been the subject of a bankruptcy petition during the past ten years.

