

**Firm Brochure**  
(Part 2A of Form ADV)

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This brochure provides information about the qualifications and business practices of ALM First Financial Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at: 214-987-0860, or by email to the Chief Compliance Officer: [kkirksey@almfirst.com](mailto:kkirksey@almfirst.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. Registration with the United States Securities and Exchange Commission does not imply a certain level of skill or training.

Additional information about ALM First Financial Advisors, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

February 7, 2014

## Material Changes

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### Annual Update

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure. The previous annual update was completed on January 27, 2014.

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### Material Changes since the Last Update

None.

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### Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: 214-987-0860 or email our Chief Compliance Officer at: [kkirksey@almfirst.com](mailto:kkirksey@almfirst.com).

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# Advisory Business

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## Firm Description

ALM First Financial Advisors, LLC was founded in 1995.

As a financial advisory firm, we provide consulting, non-discretionary and discretionary investment and financial management services for credit unions and banks. Investment advice is designed to comply with applicable industry, state and federal regulations.

ALM First Financial Advisors, LLC is a fee based investment and financial management firm. We do not sell financial products or securities. We have no affiliation with entities that sell financial products or securities. We do not accept commissions in any form and we do not accept finder's fees.

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## Principal Owners

Three partners own ALM First Financial Advisors, LLC; Emily Moré Hollis, CFA, Angela Copeland Calvert and Thomas Williams Manley, CFA. Each of the partners own 25% to 49% of the firm.

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## Types of Advisory Services

ALM First Financial Advisors, LLC offers financial advisory services, both investment and balance sheet advisory services, for financial institutions; credit unions and banks. Investment advisory services are provided to the credit unions and banks at both a Premier and Elite level, predominately on a non-discretionary basis. Currently, we manage 98% of assets in a non-discretionary manner. This means that the CFO or other designated officer at the credit union or bank has to approve each purchase or sale before we execute the trade. We do also offer a total return, discretionary portfolio management service. Additionally, non-investment advisory services such as Asset/Liability Management at a Standard level (no investment management), Mortgage Servicing Rights Valuation, ALM Validation, Merger Valuation, Loan Analysis, and Balance Sheet Risk Assessments are all offered to our financial institution clients.

We generally limit our investment advice to fixed income securities or obligations with maturities of five years or less. Exceptions to this, however, are asset-backed or mortgage-backed securities, which may have average lives of up to five years at time of purchase. Types of securities or obligations we manage include: U. S. Treasury securities, U. S. Government Agency and Sponsored Entity securities, Short-term Taxable State and Municipal securities, Collateralized Mortgage Obligations, Real Estate Mortgage Investment Conduits, Asset-Backed securities, Asset-Backed and Municipal Auction Rate securities, Corporate Bonds, Commercial Paper, Mutual Funds, CD's and other bank deposits, Caps, Floors, Swaps and Swaptions. We do

not advise on or manage equities, equity like securities or Initial public offerings (IPOs).

**1) Premier level advisory service:**

- Investment and Asset/Liability Management Policy Review
- Investment Execution and advice
- Portfolio Structuring and Strategy Development
- Asset/Liability Management
- Investment Product Education
- Investment Portfolio Monitoring and Reporting
- ALM on Demand

Initially in this service, we review the credit union or bank's investment and asset/liability policies and recommend appropriate adjustments as necessary. We meet with management to elicit information on the types of investments the institution uses and educate them on the securities they hold or have an interest in holding. Periodically, we hold additional meetings to ensure on-going monitoring of the policies in light of changing market conditions.

We also provide Asset/Liability management (A/LM) service. We use financial modeling to analyze the credit union or banks' GAP and perform net interest income and net economic value simulations to define the amount of interest rate risk on their balance sheet. We use this evaluation of the balance sheet to structure an investment portfolio managing this risk in accordance with their risk allowances while seeking incremental investment return or yield to enhance the overall return on their assets.

Following a review and any adjustments of our client's investment and asset/liability management policies and consideration of their current portfolio and of economic conditions, we design a proposed portfolio structure and investment strategy appropriate to their balance sheet. We then manage the credit union or bank's investment portfolio on a non-discretionary basis in accordance with this strategy. This strategy generally is reviewed and, if appropriate, revisions suggested at least every three months. Our clients receive a quarterly report which includes:

- Current Portfolio Review
- Investment Strategy
- ALM Analysis
- Economic Analysis
- Interest Rate Shock Report

Using our portfolio accounting system, we also provide a monthly report to our clients which includes:

- a listing of securities holdings
- transactions
- book value accruals and principal payments
- interest accruals, payments and receivable amounts
- cash flow projections

We also provide clients an ALM on Demand service. This service allows them to analyze different scenarios using ALM First's modeling assumptions via their secure portal on our website. With this service, we provide clients with a quick and general sense of incremental risk versus earnings of balance sheet changes.

**2) Elite level advisory service:**

- All the Premier level advisory services
- Hedging services
- Budgeting services
- Total Return Management
- ALM Validation
- Mortgage Servicing Rights Valuation
- Unlimited "what if" scenarios

**3) Hedging service:**

For the foundation of our hedging program, we analyze the credit union or bank's balance sheet and identify inherent market risk. We measure this risk against the institution's offsetting financial support provided through earnings and capital.

The models we use in this program analyze the volatility of earnings (short-term perspective) and the Net Economic Value or NEV of capital (longer-term perspective). NEV represents the net present value of all balance sheet and off-balance sheet cash flows under present and different interest rate scenarios, and is the primary modeling technique we use to determine market risk. The decision to hedge a part of the institution's balance sheet relies on the results of the initial and ongoing NEV analyses, our knowledge of the institution and its market, and our experience and understanding of valuing and managing option-embedded cash flow instruments.

Hedging is used by institutions that assume high levels of interest rate risk as a result of their portfolio concentrations of fixed-rate real estate loans or, in the case of pre-existing conditions, other types of long-term fixed-rate investment balances. Credit unions and banks choosing to engage in interest rate derivative contracts should do so only in accordance with safe and sound business practices. We use the hedging program to limit interest rate risk exposure, not to speculate. The hedging instruments we use are swaps, options on swaps (swaptions), floors, and caps.

For clients without prior experience in these instruments, we will provide educational sessions to assist management in their understanding. We require our clients review and understand all analyses we provide prior to inception of the program. And we required them to consult with their auditor to determine the hedge type (fair value, cash flow, etc.) and for hedge accounting.

**4) Total Return Investment Management service (Discretionary)**

- Investment Policy Review and Investment Product Education

- Investment Execution and Management
- Portfolio Monitoring and Reporting

With the Total Return service, we first review the institution's investment policies and procedures and, if necessary, recommend appropriate adjustments. The institution's management then establishes the parameters by which we are to manage a part or their entire portfolio. We then manage this portfolio in accordance with all applicable industry, state and federal regulations. And we provide the same monthly accounting reports for the part or the entire portfolio managed under this service as we provide our premier and elite level clients.

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## **Ancillary Services**

### **1) Standard level Asset/Liability Management service**

We provide standard level clients with asset/liability reports on a periodic basis, typically quarterly. We do not do trade execution for these clients.

For these clients, we provide the following Asset/Liability reports:

- Behavioral Gap
- Net Economic Value analysis (NEV)
- Net Interest Income simulation (NII)

The reports include standard ramped or shocked tests in the up and down 300 basis points scenarios (in 100 basis point increments).

Upon our discretion, we may also include ALM on Demand and/or the accounting reports for an additional fee.

### **2) ALM Validation service**

With our ALM validation service we include a review of the model operation, scenarios tested and a non-maturing liability analysis. We run a full set of reports on our internal model, compare this to the institution's output and provide results in a written form. We prepare a review of the existing reports for management and the board or investment committee. An A/LM process review may also be requested and performed.

### **3) Balance Sheet Risk Assessment service**

With our Balance Sheet Risk Assessment service, we review a financial institution's balance sheet risk and include a net economic value analysis and a net interest income simulation. We may offer to the credit union's ALCO committee or the bank's Investment Committee one-time strategies as a result of these analyses.

### **4) Budgeting service**

In this service, we formulate a budget for the institution giving projected growth rates. The reports show monthly interest income and expense figures, as well as monthly yields, balances and net-interest margins. Asset and liability categories are grouped as requested by the client.

### **5) Loan Analysis service**



Our loan analysis service shows a financial institution their true return on a pool of loans. This service helps the institution price specific types of loans to ensure profitability. We categorized the pools by credit rating or loan type and profitability and measure their net yield over the life of the loans or pools of loans.

#### **6) Merger Valuation service**

Our valuation services determine the entity value of the acquiree and the fair valuation analyses of individual asset and liability accounts, complete with detailed assumptions and valuation conclusions in accordance with FASB ASC 805 (former SFAS 141r). Goodwill impairment testing can also be performed.

#### **7) Mortgage Servicing Rights Valuation service**

We offer a service valuing and accounting for mortgage servicing rights. We generate a static valuation at the individual loan level and then present the results of the valuation by risk tranche. Our accounting service tracks book value at the loan level and provides monthly amortization entries. We can also perform Impairments testing according to the desired valuation schedule

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### **Tailored Relationships**

The goals and objectives for each client are documented in their Investment Policy statement. Clients may impose restrictions on investing in certain securities or types of securities based either on their investment policy statements and/or their regulatory bodies.

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### **Assets under Management**

As of December 31, 2014, ALM First Financial Advisors, LLC managed \$17,133,743,536 in assets for 99 clients (96 credit unions, 2 banks, and 1 specialty lender). One credit union has one discretionary and one non-discretionary account resulting in a total of 100 accounts. \$16,807,039,658 or 98% on a non-discretionary basis, and \$326,703,878 or 2% on a discretionary basis.

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### **Advisory Service Agreement**

Our clients choose us to manage their assets to obtain ongoing in-depth advice and adherence to goals, strategy and regulatory requirements. The scope of work and fees for Elite, Premier, Hedging or Total Return Advisory Service Agreements are provided to the client in a written contract. Fees are listed in the contract and the contract must be signed by both the client and an officer of ALM First Financial Advisors, LLC before we begin the service.

Our Advisory Service Agreements generally have a term of one year and automatically renew for a period of one year unless we or the client provide written notice to terminate the agreement within 30 days prior to the expiration of the current year. We bill monthly in advance. A prorated portion of any

fees that had been prepaid at the date of termination of the agreement are refunded. Most fees are negotiable.

## Fees and Compensation

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### Description

We base our fee schedules for credit union and bank clients on the level of service provided; Elite, Premier, Total Return and/or Hedging.

**Elite level fees** are set annually. They typically are 25% to 50% higher than Premier level fees since we add additional services for our elite level clients. Fees are negotiated on a case by case basis based on the size and complexity of the investment portfolio and the assets of the institution. The fees change as the investment portfolio and assets of the institution grow or shrink and are negotiated and revised yearly.

The investment portfolio consists of total investable funds, minus capital shares and cash.

**Premier level fees** are also set annually. The fee for the Premier level Advisory Service is a flat annual fee based upon the size of the investment portfolio and the assets of the institution. The fees change as the investment portfolio and assets of the institution grow or shrink and are revised yearly.

The investment portfolio consists of total investable funds, minus capital shares and cash.

**Premier level Advisory Service Fee Schedule:**

<u>Investments</u>	<u>Total Assets</u>				
	Less than \$100 Million	\$100 to \$300 Million	\$300 to \$500 Million	\$500 to \$999 Million	Greater than \$1 Billion
< 10 m	22,500				
10 - 15 m	24,975	26,723			
15 - 20 m	27,722	29,663			
20 - 25 m	30,772	32,926	35,231		
25 - 30 m	34,157	36,548	39,106		
30 - 35 m	37,914	40,568	43,408	46,446	
35 - 40 m	42,084	45,030	48,182	51,555	
40 - 45 m	46,714	49,984	53,482	57,226	
45 - 50 m	51,852	55,482	59,365	63,521	
50 - 75 m	58,074	62,140	66,489	71,144	
75 - 100 m		68,975	73,803	78,969	
100 - 150 m		79,321	84,874	90,815	95,356
150 - 200 m		88,046	94,210	100,804	105,845
200 - 250 m		97,732	104,573	111,893	117,488
250 - 300 m			116,076	124,201	130,411
300 - 400 m			134,648	144,073	151,277
400 - 500 m				155,599	163,379
500 - 600 m				168,047	176,449
600 - 700 m					190,565
700 - 800 m					205,811
800 - 900 m					222,275
900 m - 1 b					240,058
> 1 b					Negotiable

The above rates are based on quarterly AL/M reports. For semi-annual AL/M reports, deduct \$5,000 from the fee. For with monthly AL/M reports add \$11,000 to the fee.

**Total Return Investment Management fees** - if not part of the Elite level service are as follows:

- \$ 0 - \$10,000,000  
30 basis points (0.30%)
- \$10,000,001 - \$30,000,000  
25 basis points (0.25%)
- \$30,000,001 - \$50,000,000  
20 basis points (0.20%)
- Greater than \$50,000,000  
15 basis points (0.15%)

**Hedging fees:**

Hedging fees include a \$29,000 one-time start-up fee; 50% due upon execution of the Agreement and 50% due upon receipt by the institution of its approval letter. If the institution is unable to obtain approval and the Agreement is terminated, the 50% balance shall not be due to ALM First Financial Advisors, LLC. Under no circumstances shall ALM First Financial Advisors, LLC be required to refund the initial 50%.

In addition to start-up fees, the institution will pay fees outlined in the chart below:

<b><i>Derivative Notional Amount</i></b>	<b><i>Annual Fees</i></b>
Less than \$10 Million	\$17,500
\$10 to \$50 Million	\$22,500
\$50 to \$100 Million	\$33,750
\$100 to \$200 Million	\$50,000
\$200 to \$300 Million	\$67,500
\$300 to \$500 Million	\$85,000
\$500 to \$1 Billion	\$113,750

We may have client relationships currently where we charge fees that are higher or lower than the fee schedules listed here. ALM First Financial Advisors, LLC, in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future additional assets, negotiations with clients, etc.). As stated previously, our fees are negotiable.

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**Ancillary Service fees:**

**Standard level Asset/Liability Management fees** are based on the assets of the institution, their service needs and the frequency of reporting. The fees are negotiable but generally range from \$6,500 to \$55,000 annually.

**ALM Validation fees** are set at a minimum of \$9,500 and vary by complexity of the institution. The fee for the Process Review is \$10,500.

**Balance Sheet Risk Assessment fees** generally range from \$6,500 to \$60,000 based on the complexity of the institution.

**Budgeting Service fees** are billed at a minimum of \$1,000. This service is billed at an hourly rate. The hourly rate for an Analyst ranges from \$100 to \$150 based on experience level and the hourly rate for an Advisor is \$250.

**Loan Profitability Analysis fees** are billed at a minimum of \$4,000. The service is priced based on the level of detail and frequency requested.

**Merger Valuation fees** range from \$7,500 to \$90,000 based on the complexity of the merger and the comprehensiveness of the report requirements.

**Mortgage Servicing Rights fees** include a per valuation cost of \$1,400 (4 or more per year) or \$2,000 (less than 4 per year) and a monthly fee of \$400 for accounting.

**Capital Stress Testing fees** are set at a minimum of \$29,000 and vary by complexity of the institution.

We may have client relationships currently where we charge fees that are higher or lower than the fee schedules listed here. ALM First Financial Advisors, LLC, in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future additional assets, negotiations with clients, etc.). As stated previously, most of our fees are negotiable.

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## **Fee Billing**

### **Advisory services:**

- Elite and Premier investment advisory fees; Total Return management fees, and Hedging fees are billed monthly in advance.

### **Ancillary services:**

- Standard level Asset/Liability Management is billed in advance, monthly, quarterly, or semiannually, depending on the frequency of the reports.
- ALM Validation is billed 50% upon execution of the Agreement and 50% upon completion of the service.
- Balance Sheet Risk Assessment is billed 50% upon execution of the Agreement and 50% upon completion of the service.
- Budgeting Service is billed upon completion of the service.
- Loan Analysis is billed upon completion of the service.
- Merger Valuation is billed 50% upon execution of the Agreement and 50% upon completion of the service
- Mortgage Servicing Rights Valuation is billed upon completion of the service.

- Capital Stress Testing is billed 50% upon execution of the Agreement and 50% upon completion of the service

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**Past Due Accounts and Termination of Agreement**

Invoices are coded “Net 10 days”. We reserve the right to stop work on any account that is more than 30 days overdue. In addition, we reserve the right to terminate any agreement where a client has willfully concealed or has refused to provide pertinent information necessary for the execution of the service and the generation of appropriate reports. Any unused portion of fees collected in advance will be refunded within 30 days.

## **Performance-Based Fees**

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**Performance-Based Fees are Not Applicable**

We do not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the advisor to recommend an investment that may carry a higher degree of risk than appropriate for the client.

## **Types of Clients**

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**Description**

Our clients are financial institutions; credit unions and banks. We provide them with the consulting, non-discretionary and discretionary investment advisory services as well as the ancillary services described earlier in this statement. Client relationships vary in scope and length of service. Some of our clients have been with us since we began over 15 years ago.

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**Account Minimums**

There is no actual minimum account size for the advisory services. Built into the Elite and Premier advisory fee schedules, however, based on institutional asset size and the size of their investment portfolios, are minimum fees. Our minimum cost to participate in the Elite or Premier Investment Advisory Service is \$30,375 per year for Elite and \$17,500 per year for Premier. Hedging has a minimum charge of \$29,000.

All services exclusive of the one-time Balance Sheet Risk Assessment, ALM Validation, Process Review, Mortgage Servicing Rights, Merger Valuation or Loan Analysis Service require a one-year contract.

# Methods of Analysis, Investment Strategies and Risk of Loss

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## Methods of Analysis

We rely on fundamental and technical analysis of the financial markets when we provide investment advice. With the aid of various publicly available on-line information systems such as Markit, Bloomberg, and others, we monitor and analyze yield curves and swap opportunities.

To support our recommendations or advice, we may perform other internal analyses based on economic information, interest rate forecasts and information and data published by broker/dealers, financial newspapers and magazines, press releases, the Federal Reserve Board, ratings services research materials prepared by others, prospectuses, filings with the Securities and Exchange Commission, and the World Wide Web.

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## Investment Strategies

Our investment strategy for a specific client is based upon the objectives stated by the client, their board, and their policy during consultations and on-going meetings. Each client executes an Investment Policy Statement documenting their goals, objectives and desired strategy. We keep a copy of that policy available electronically for our advisors to review before making investment recommendations.

Our primary investment strategy for most client accounts is a buy and hold strategy. We strategically align the assets of the investment portfolio and pair them to the liabilities from an overall balance sheet perspective to maximize yield within approved risk parameters.

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## Risk of Loss

Our investment advice, focused on fixed income securities, constantly considers the risk of loss for our clients. However, all investments involve risks born by the investor that could result in a loss of principal and or a reduction in earnings. Clients face the following investment risks:

- **Credit Risk:** A default by the underlying issuer of a non-collateralized fixed income security or realized losses exceeding the credit support of a structured security can create a loss of all or part of the remaining principal balance of a fixed income security.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in default on a debt obligation, bankruptcy, and/or a declining market value.
- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on

existing fixed income securities become less attractive, causing their market values to decline.

- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally speaking, the larger the issue size for a particular security, the more liquid it is.
- **Market Risk:** The price of a fixed income security may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate).

Although we manage client portfolios in a manner consistent with their risk tolerance, we cannot guarantee that our efforts will be successful. Clients should be prepared to bear the risk of loss.

## Disciplinary Information

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### Legal and Disciplinary

ALM First Financial Advisors, LLC and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

## Other Financial Industry Activities and Affiliations

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### Other Financial Industry Activities and Affiliations are Not Applicable

ALM First Financial Advisors, LLC is not registered as a securities broker-dealer, or a futures commission merchant, commodity pool operator or commodity trading advisor. We have no related person affiliations with another financial institution.

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

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### Code of Ethics

Our firm has a written *Code of Ethics* that must be followed by all employees. As fiduciaries, we are committed to providing our clients the duty of undivided loyalty. Embedded in our code are standards of conduct required of all employees that reflect these fiduciary duties and compliance with all applicable federal securities laws.



Our code forbids any employee from trading, either personally or on behalf of others, including accounts managed by the firm, on material nonpublic information or communicating material nonpublic information to others in violation of the law. All employees are required to comply with ALM First Financial Advisors' *Policy for the Prevention of Insider Trading* as well as the personal trading policy requirements. Other items we include in our code refer to our policies regarding not accepting gifts, favors, entertainment, accommodations, or other things of material value; the duty of confidentiality covered in our Privacy Policy; marketing policies; service on boards and other outside activities of employees.

We are happy to provide a copy of our *Code of Ethics* to any client or prospective client upon request.

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### **Participation or Interest in Client Transactions**

As employees of ALM First Financial Advisors, LLC, we may not hold in our personal accounts, any reportable securities held by clients.

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### **Personal Trading**

Our Chief Compliance Officer at ALM First Financial Advisors, LLC is Kevin S. Kirksey. He reviews all employee reportable securities trades quarterly and his reportable securities trades are reviewed by Emily More Hollis, one of the managing partners.

On a quarterly basis, we must report our personal reportable securities transactions and we must update our personal holdings statements annually. Further, as mentioned above, we are prohibited from holding any reportable securities held in any client portfolios and must pre-clear any personal investments in initial public offerings and limited (private) offerings. We use these personal trading reviews to ensure that our employees trading activity does not affect the markets, and that our clients receive preferential treatment as part of our fiduciary responsibilities.

## **Brokerage Practices**

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### **Selecting Brokerage Firms**

For non-discretionary management, we do not exercise authority to determine the securities to be bought and sold, the amount of securities to be bought and sold, the broker-dealer to be used, or the commissions or price to be paid prior to obtaining a participant's specific consent.

As a part of our investment process, our advisors review current portfolio positions, check prices with various broker-dealers and recommend the purchase or sale of securities. After obtaining approval from an officer designated by the participating credit union or bank, our advisor then consummates the approved transaction.

We suggest a particular broker-dealer based on best obtainable price when recommending the purchase or sale of a particular security. All broker-dealers on our list must first be approved by the participating credit union or bank before we use them for trading. We do not choose a particular broker-dealer based on the extent or value of research or products they provide the firm. Annually, we complete a regulatory compliance review of our approved list of Broker/Dealers.

We have no affiliation with any brokerage firms. We do not receive client referrals from broker-dealers and we do not receive any fees or commissions from the broker-dealers we use.

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**Best Execution**

We suggest a particular broker or dealer based on the best available price and/or lowest commission at the time an investment recommendation is made. For all potential trades, the desk obtains comparables. Once a trade is completed, the trading desk prepares and documents on the trade ticket, two comparable trades reviewed in an effort to achieve best execution. In the rare event that two comparables are not available, the trader will show one.

Most non-discretionary trades are done individually based on the request of the client at that time. Where trade aggregation can result in a better price, amounts are distributed fairly to all clients based on need and availability.

We do not permit a client to direct brokerage. Broker-dealers are selected for a particular trade based only on best execution at that time.

Quarterly, a trading activity report is compiled and reviewed. This report is cumulative throughout the year.

As part of our code and standards we, as employees of ALM First Financial Advisors, LLC, are prohibited from accepting any cash, inappropriate gifts, favors, entertainment, special accommodations, or other things of material value that could influence our decision-making or make us feel beholden to a particular broker-dealer or firm.

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**Soft Dollars**

We do not receive soft dollars from any of the brokers we use for trade execution. Research reports or other data received from the brokerage firms are used to analyze various investment opportunities and potential trades for our clients. All our clients benefit from this research and analysis as it is used for the investment decision-making and trade execution processes.

## Review of Accounts

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### Periodic Reviews

We assign a primary Financial Advisor to each client's portfolio. The Financial Advisor is responsible for the day-to-day supervision of that account and the ongoing client relationship. As part of the team, each Financial Advisor also has an analyst to assist in daily analytics. Our Financial Advisors continuously review client portfolios for the proper asset mix, suitability of investments, client objectives, etc. They are all available to ensure account coverage in case of illness, vacation, etc.

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### Review Triggers

Reviews are triggered by events such as changes in the financial markets, interest rates, credit ratings of approved institutions or obligations, as well as changes in the participating institution's liquidity or financial position.

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### Regular Reports

Monthly, we send clients a report with information on the investment portfolio including: securities owned and under advisement, settlement dates, maturity dates, coupon rate, principal amount, purchase amount, par, book and current market value, accrued income, yield-to-maturity and weighted average life. The reports also include portfolio activity during the month and appropriate accrual and payment information for accounting and reporting purposes.

Quarterly, the Financial Advisor provides a written report of all their client's portfolios. For a few of our clients, that report is semiannual rather than quarterly. These formal reviews include economic forecasts, written summary reports, investment strategy recommendations, and detailed analytics.

## Client Referrals and Other Compensation

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### Incoming Referrals

We have been fortunate over the years to receive many client referrals. These referrals come from current clients, regulators in the credit union industry, former employees of clients who had moved to a new credit union or bank, and other similar sources. We do not compensate referring parties for these referrals.

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### Referrals Out

We do not accept referral fees or any form of remuneration from other professionals when we refer a prospect or client to them.

## Custody

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### **Custody is Not Applicable**

We do not have custody of any client funds or securities. Custodians are selected by the client and that relationship is maintained by the client outside the purview of the firm.

## Investment Discretion

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### **Discretionary Authority for Trading**

We manage 98% of the current assets under management in a non-discretionary manner. However, we do accept discretionary authority on behalf of a few clients.

For those clients, we manage the portfolio in accordance with board approved maximum sector allocations and targeted effective durations. In addition, we perform a quarterly write up and discuss target allocations with management and the Investment Committee.

Prior to assuming any portfolio for which we have discretionary authority, we initiate a dialogue with the client in regards to risk tolerance. We review asset liability management reports to assess interest rate risk within the balance sheet. We then mutually set target effective durations to complement strategies. We discuss all security types allowed by regulation, receive policy limit approvals, and set targeted allocations.

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### **Limited Power of Attorney**

A limited power of attorney is a trading authorization for this purpose. We have our client sign a limited power of attorney so that we may execute the trades they approved.

## Voting Client Securities

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### **Voting Client Securities is Not Applicable**

We do not vote proxies on securities. Security trades we execute on behalf of our clients are fixed income securities of which the majority of those are government agency or government sponsored entity debt. Proxy voting is not required.

Clients would be expected to vote their own proxies if they owned any securities requiring proxy voting.

## Financial Information

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### Financial Condition

We have no financial impairment that would preclude us from meeting our contractual commitments to clients.

We do not need to provide a balance sheet as we do not serve as a custodian for client funds or securities, and we do not require prepayment of fees of more than \$1,200 per client, and six months or more in advance.

## Business Continuity Plan

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### Business Continuity

ALM First Financial Advisors, LLC has a business continuity plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people. An executive summary of our business continuity plan is available upon request.

## Information Security Program

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### Information Security

ALM First Financial Advisors, LLC maintains an information security program to reduce the risk that confidential information may be breached. A copy of our Information security policy is available upon request.

### Privacy Notice

ALM First Financial Advisors, LLC maintains a privacy policy to safeguard client data. A copy of our privacy notice is delivered to all clients annually, in writing and is also available upon request.



## **Firm Brochure Supplement**

**(Part 2B of Form ADV)**

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### **Partners:**

- Angela Copeland Calvert – Partner
- Emily Moré Hollis, CFA – Partner
- Thomas Williams Manley, CFA – Partner

### **Financial Advisors:**

- Cullen Coxe
- Travis Goodman, CFA
- Robert Perry
- Taylor Pool
- Stacey Wilkerson

### **Firm:**

ALM First Financial Advisors, LLC  
2911 Turtle Creek Boulevard, Suite 500  
Dallas, Texas 75219  
(214) 987-0860

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This brochure supplement provides information about the Partners and Financial Advisors named above that supplements the ALM First Financial Advisors, LLC brochure. You should have received a copy of that brochure. Please contact Kevin Kirksey, Chief Compliance Officer at 214-451-3486 if you did not receive ALM First Financial Advisors, LLC's brochure or if you have any questions about the contents of this supplement.

January 27, 2015



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### **Education and Business Standards**

ALM First Financial Advisors, LLC requires that advisors in its employ have a bachelor's degree and encourages further coursework demonstrating knowledge of capital markets and investments. Examples of acceptable coursework include: an MBA, a CFP®, a CFA, JD, or CPA. Additionally, advisors must have work experience that demonstrates their aptitude for and understand of investment management.

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### **Professional Certifications**

Employees have earned certifications and credentials that are required to be explained in further detail.

Chartered Financial Analyst (CFA): Chartered Financial Analysts are licensed by the CFA Institute to use the CFA mark. CFA certification requirements:

- Hold a bachelor's degree from an accredited institution or have equivalent education or work experience.
- Successful completion of all three exam levels of the CFA Program.
- Have 48 months of acceptable professional work experience in the investment decision-making process.
- Fulfill society requirements, which vary by society. Unless you are upgrading from affiliate membership, all societies require two sponsor statements as part of each application; these are submitted online by your sponsors.
- Agree to adhere to and sign the Member's Agreement, a Professional Conduct Statement, and any additional documentation requested by CFA Institute.



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**ANGELA COPELAND CALVERT - Partner**

Date of birth: 01/25/1970

Educational Background:

- Institutions: BBA University of Mississippi

Business Experience:

- Partner, ALM First Financial Advisors, LLC (2005 – present)
- Director, Funds Management, ALM First Financial Advisors, LLC (2002 – 2004)
- Financial Advisor, ALM First Financial Advisors, LLC (2000 – 2002)
- Investment Advisor, Southwest Corporate Federal Credit Union (1998 – 2000)
- Vice President, First Tennessee Capital Markets, (1994 – 1998)

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Supervision:

The Partners of ALM First Financial Advisors, LLC, as Directors, jointly supervise the firm's activities and each other. Angela Calvert is therefore supervised by the other two partners, Emily Hollis and Thomas Manley. They hold monthly update meetings and quarterly director's meetings to monitor and review the firm's activities, client relationships and the activities of the financial advisors.

Emily Hollis, Partner 214-451-2401

Thomas Manley, Partner 214-451-3999

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**EMILY MORE´ HOLLIS, CFA - Partner**

Date of birth: 04/16/1957

Educational Background:

- Institutions: BA Texas Christian University  
MBA Southern Methodist University

Business Experience:

- Partner, ALM First Financial Advisors, LLC (2005 – present)
- President, ALM First Financial Advisors, LLC (1995 – 2004)
- Vice President, Kidder Peabody Asset Management (1994 – 1995)
- Chief Investment Officer, Southwest Corporate Federal Credit Union (1988 – 1994)





Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Supervision:

The Partners of ALM First Financial Advisors, LLC, as Directors, jointly supervise the firm's activities and each other. Emily Hollis is therefore supervised by the other two partners, Angela Calvert and Thomas Manley. They hold monthly update meetings and quarterly director's meetings to monitor and review the firm's activities, client relationships and the activities of the financial advisors.

Angela Calvert, Partner 214-451-2388

Thomas Manley, Partner 214-451-3999

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**THOMAS WILLIAMS MANLEY, CFA - Partner**

Date of birth: 05/30/1964

Educational Background:

- Institutions: BA Texas A&M University  
MBA Southern Methodist University

Business Experience:

- Partner, ALM First Financial Advisors, LLC (2005 – present)
- Managing Director, ALM First Financial Advisors, LLC (1995 – 2005)
- Assistant VP, Kidder Peabody Asset Management (1994 – 1995)
- Portfolio Manager, Southwest Corporate Federal Credit Union (1992 – 1994)

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Supervision:

The Partners of ALM First Financial Advisors, LLC, as Directors, jointly supervise the firm's activities and each other. Thomas Manley is therefore supervised by the other two partners, Angela Calvert and Emily Hollis. They hold monthly update meetings and quarterly director's meetings to monitor and review the firm's activities, client relationships and the activities of the financial advisors.

Angela Calvert, Partner 214-451-2388

Emily Hollis, Partner 214-451-2401



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**TRAVIS GOODMAN, CFA – Managing Director, Advisory Services**

Date of birth: 01/26/1980

Educational Background:

- Institutions: BSBA University of Arizona

Business Experience:

- Managing Director, ALM First Financial Advisors, LLC (2008 – present)
- Financial Advisor, ALM First Financial Advisors, LLC (2007 – 2008)
- ALM Advisor, ALM First Financial Advisors, LLC (2005 – 2007)
- Sr. Financial Analyst, ALM First Financial Advisors, LLC (2004 – 2005)
- Financial Analyst, ALM First Financial Advisors, LLC (2003 – 2004)

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Supervision:

Travis Goodman is supervised by Thomas Manley, Partner. He reviews Travis Goodman's work through frequent office interactions as well as formal meetings including the weekly advisory meeting and the monthly staff meeting. He also reviews his activities through written and or oral communication with Travis's clients.

Thomas Manley, Partner

214-451-3999

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**CULLEN COXE – Director, Advisory Services**

Date of birth: 11/21/1968

Educational Background:

- Institutions: BBA University of Oklahoma

Business Experience:

- Director, ALM First Financial Advisors, LLC (2003 – present)
- Portfolio Manager, BlueBonnet Savings (1997 – 2002)

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Supervision:

Cullen Coxe is supervised by Travis Goodman, Sr. Financial Advisor. He reviews Cullen Coxe's work through frequent office interactions as



well as formal meetings including the weekly advisory meeting and the monthly staff meeting. He also reviews his activities through written and or oral communication with Cullen's clients.

Travis Goodman, Sr. Financial Advisor 214-451-3993

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**ROBERT PERRY – Director, Advisory Services**

Date of birth: 04/19/1966

Educational Background:

- Institutions: BBA North Carolina State University

Business Experience:

- Director, ALM First Financial Advisors, LLC (2010 – present)
- Managing Director, ALM/Investment Strategy Division of DataTech Management (2007 – 2009)
- Chief Investment Officer, First Coastal Bank (2007)
- Principal, Pool Breeden Associates (1991 - 2006)

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Supervision:

Robert Perry is supervised by Travis Goodman, Sr. Financial Advisor. He reviews Robert Perry's work through frequent office interactions as well as formal meetings including the weekly advisory meeting and the monthly staff meeting. He also reviews his activities through written and or oral communication with Robert's clients.

Travis Goodman, Sr. Financial Advisor 214-451-3993

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**TAYLOR POOL – Director, Advisory Services**

Date of birth: 10/13/1986

Educational Background:

- Institutions: BS, BS Texas Tech University

Business Experience:

- Director, ALM First Financial Advisors, LLC (2014 – present)
- ALM Advisor, ALM First (2013-2014)
- Senior Financial Analyst, ALM First (2012-2013)
- Financial Analyst, ALM First (2010-2012)
- Pricing Analyst, JPMorgan Chase (2009-2010)

Disciplinary Information: None



Other Business Activities: None

Additional Compensation: None

Supervision:

Taylor Pool is supervised by Travis Goodman, Sr. Financial Advisor. He reviews Taylor Pool's work through frequent office interactions as well as formal meetings including the weekly advisory meeting and the monthly staff meeting. He also reviews his activities through written and or oral communication with Taylor's clients.

Travis Goodman, Sr. Financial Advisor      214-451-3993

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**STACEY WILKERSON – Director, Advisory Services**

Date of birth: 06/12/1975

Educational Background:

- Institutions: BBA Texas Tech University  
MBA University of Dallas

Business Experience:

- Director, ALM First Financial Advisors, LLC (2008 – present)
- Financial Analyst, ALM First Financial Advisors, LLC (2005 – 2008)
- Credit Card Project Manager, Electronic Data Systems, (2004-2005)

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Supervision:

Stacey Wilkerson is supervised by Travis Goodman, Sr. Financial Advisor. He reviews Stacey Wilkerson's work through frequent office interactions as well as formal meetings including the weekly advisory meeting and the monthly staff meeting. He also reviews her activities through written and or oral communication with Stacey's clients.

Travis Goodman, Sr. Financial Advisor      214-451-3993