



FORM ADV – PART 2A

FIRM BROCHURE

Item 1. Cover Page

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January, 2015

This revised brochure format is now required by the SEC and provides information about the qualifications and business practices of American Capital Management, Inc. (ACM). If you have any questions about the contents of this brochure, please email cmcrae@amcapmgt.com, Chief Compliance Officer, or lpl@amcapmgt.com, President, or contact us at 212-344-3300. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. ACM is an investment adviser registered with the SEC. Such registration does not imply a certain level of skill or training.

Additional information about ACM is also available on the SEC's website at www.adviserinfo.sec.gov and the company's website www.americancapitalmanagement.com.

Item 2. Material Changes

On July 28, 2010, the SEC adopted amendments to Part 2 of Form ADV and related rules that require investment advisers to prepare plain English narrative brochures and brochure supplements. The amended form contains new, different, and revised items compared to previous Form ADV Part II. Accordingly, this brochure is materially different in structure and contains certain new information that our previous brochure did not require. There have been no material changes in the business of ACM since our last filing on June 10, 2013.

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Item 4. Advisory Business

ACM is an investment management firm formed in 1980 to provide superior relative returns for its clients by investing in quality small and medium sized growth companies – the most innovative and more rapidly growing sector of the U.S. economy. These companies average approximately \$1 billion in sales and \$3.9 billion in market capitalization with growth potential 50% greater than the Standard & Poor's 500. We emphasize management ability and strong fundamentals in our selection process and the growth, profitability and financial strength of our investments are high. Flexibility is emphasized and we adjust our equity commitments to capitalize on market volatility. Equity emphasis favors companies that possess accelerating earnings momentum and appear undervalued relative to our universe list.

Since we emphasize growth companies, the majority of our potential investments are focused on health care and technology – two above average growth segments of our economy. Primary emphasis is on companies with managements of demonstrated competence, effective marketing organizations, strong research efforts and dominant market positions for their products. In addition, companies are selected that possess the necessary profitability and financial strength to support their growth. Companies with these characteristics provide a favorable risk/reward ratio over time. We are long-term investors and prefer to hold our investments through market cycles if their fundamentals remain favorable and we have a positive market outlook. We do not emphasize asset plays, turnarounds or large companies with small capitalizations.

A personal investment advisory service is provided to all clients in coordination with their individual needs and objectives. All accounts are individually managed and invested in publicly traded companies selected from our stock universe list supplemented with convertible and fixed income investments as necessary. We have a few select exchange traded funds and mutual funds for bond investments available for purchase if appropriate.

ACM offers a specific investment strategy and does not modify its strategy based on a client's financial situation, investment experience or investment objective if it differs from ACM's investment strategy. We permit reasonable investment flexibility if it does not materially affect our investment strategy.

Mutual Fund – ACM is the investment adviser to the ACM Eagle Growth Fund, Ltd., an exempted company incorporated under the laws of the Cayman Islands in December 2009 and launched in November 2010. The investment objective of the Fund is to seek long-term capital appreciation by investing primarily in the common stocks of quality small and medium sized growth companies. The Fund is offered to individuals that are non U.S. persons and U.S. tax exempt investors, including IRAs and Keogh plans and plans subject to the Employee Retirement Income Security Act of 1974. ACM is paid a monthly fee at an annual rate of 1.25% on the fund's assets.

Assets – The firm had \$911,812,830 million of discretionary funds under management on March 31, 2014.

Ownership – The firm was founded in 1980 with Luke P. LaValle, Jr. as principal majority owner and Cesna, S.A. as a principal owner. In August 2014, the ownership

changed with Cesna, S.A. transferring its remaining interest to Longlevens, LLC., with Longlevens, LLC. becoming a minority owner.

Item 5. Fees and Compensation

Compensation per annum is 1% of assets, or as stipulated in our investment management agreement. Fees are payable quarterly, in advance, based upon 1/4 of 1% of the portfolio's market value as of the last business day of each calendar quarter. Generally, fees are negotiable on accounts in excess of \$30 million. Some existing clients may pay a lower fee than new clients. We forward a quarterly bill to the client's custodian for payment from the portfolio showing the method of calculation and period covered. A copy of our quarterly bill is forwarded to the client. ACM receives income only from the management of client assets.

Other Fees or Expenses – Certain custodians who hold client assets may also charge a fee. Clients will also incur transaction costs, which are commissions paid to brokers through which ACM processes trades for its accounts. Assets invested in exchange traded funds or mutual funds are charged a fee by the fund managers in addition to ACM's management fee.

Termination – Our investment management agreement may be terminated within 10 days from inception without penalty or by either party thereafter upon 30 days written notice of such termination. Fees are refundable on a pro rata per diem basis from the date of notification.

Item 6. Performance Based Fees

ACM does not manage any accounts with a performance based fee structure.

Item 7. Types of Clients

ACM manages an offshore mutual fund and separate portfolios for corporations, foundations, high net worth individuals, IRAs and trusts. We generally require a minimum of \$2 million for new accounts. However, smaller accounts may be accepted at the discretion of management.

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

The method of security analysis is a fundamental economic and investment valuation with a rigorous research process to select our investments. A continuous analysis of the economic outlook is conducted to identify cyclical and secular trends and those economic sectors that appear favorably positioned over the intermediate term. The stock selection process concentrates on quality small and medium sized growth companies within these sectors that meet specific qualitative and quantitative criteria. Candidates generally possess a minimum growth rate potential 50% greater than the Standard & Poor's 500. Primary emphasis is then placed on companies with superior management, effective marketing organizations, strong research efforts and dominant

market positions for their products. We select our investments from a universe list of 100 companies that is compiled and maintained by a continuous and extensive fundamental analysis. Finally, this fundamental economic and investment analysis is combined with a technical review of the overall market, the smaller company segment and those fundamentally favored issues to enhance stock selection and the timing of purchases and sales. We reduce or sell positions when our investments appear overvalued, represent an excessive percentage of the portfolio's total assets or are experiencing deteriorating fundamentals. Fixed income management emphasizes preservation of capital, current income and marketability through quality investments of short to intermediate term duration. Investment strategy is tailored to provide safety through a disciplined research effort that emphasizes interest rate trends, yield curve opportunities, sector yield relationships and growth with convertible securities. We invest in U. S. Government securities, corporates, preferreds, tax exempts and convertible bonds and preferreds through funds or EFTs as necessary.

Unique Approach – Our investment approach is unique relative to most investment management organizations. ACM specializes in our market segment and we are dedicated to this effort. We are consistent and select our investments from a universe list of 100 companies focused on revenue size rather than market capitalization. This list represents a quality group of companies within our market segment that possesses the necessary profitability and financial strength to support their growth. Our approach provides us with the opportunity to hold companies for an extended period of time as they grow from small to medium sized corporations. We invest for the long term and own our investments considerably longer than the industry average. This has resulted in above average returns, lower turnover and greater tax efficiency. In addition, our investment strategy and longer-term approach result in greater “takeover” activity thereby enhancing returns to our clients. We are small and flexible, a major advantage today.

Sources of Information – The principal sources of information utilized are company 10Ks, prospectuses and quarterly and annual reports. This information is supplemented by industry and company research reports from professional firms and analysts that specialize in researching small and medium sized growth companies. Other sources include management meetings and presentations, financial periodicals, trade journals and research material published by Moody's and Standard & Poor's.

Risk of Loss – Investing involves the risk of loss that clients should be willing to accept. ACM makes every effort to achieve its objective of long-term capital appreciation, but cannot guarantee it will attain that objective. You could lose money. During any given period, ACM's growth strategy may achieve better or worse results than other investment strategies and the stock market may decline. Investing in equities is subject to the volatility of the markets. The performance of small and medium sized growth companies could be more volatile than larger companies. Also, buy and sell orders may take longer to complete because of less liquidity. However, our experience has been that there is less risk with our strategy over a market cycle because of the above average increases in revenues and earnings of our investments combined with greater acquisition activity that provides enhanced returns to investors.

Item 9. Disciplinary Information

There are no disciplinary or legal events to report regarding ACM and its employees.

Item 10. Other Financial Industry Activities and Affiliations

Neither ACM, its officers or employees have any other financial activities or affiliations as described by the SEC.

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

ACM has adopted a code of ethics pursuant to SEC Rule 204A-1. Our code of ethics is available to any client or prospective client upon written request.

ACM's Code of Ethics covers its directors, officers and staff and requires that they comply with applicable federal securities laws and includes policies and procedures that pertain to securities related conduct and fiduciary duty, personal securities transactions, insider trading, gifts, and conflicts of interest. The following principles emphasize ACM's fiduciary duty to its clients and the obligation of its officers and staff to uphold that fundamental duty. These principles include:

- The duty to place the interests of clients first at all times.
- The requirement that all personal securities transactions be conducted to avoid any actual or potential conflict of interest, or abuse of ACM's position of trust and responsibility.
- ACM's personnel must not take inappropriate advantage of their positions and responsibilities.
- Information concerning the identity of security holdings and financial circumstances of clients is confidential.
- Honesty, integrity and professionalism shall govern all conduct whether or not the conduct is covered by specific standards and procedures.

Non Public Information – Supervised persons are prohibited from securities trading, either personally or on behalf of others, while in possession of material, nonpublic information and from communicating material nonpublic information to others in violation of the law. This is known as "insider trading." Finally, we note the SEC's position that the term "material nonpublic information" relates not only to issuers, but also to ACM's securities recommendations and client securities holdings and transactions.

Personal Trading – Supervised persons must obtain approval from Catherine McRae, Chief Compliance Officer, for all securities transactions in our investments, including IPOs and private placements, and can not execute any trades until all transactions have been executed for clients in that security. However, they may participate with our clients if the trades do not adversely impact the pricing and availability of the

transaction for clients or operate to the detriment of clients. This also applies to any relative by blood or marriage living in the same household and any account in which an immediate family member has a direct or beneficial interest such as a trust. Our Code requires supervised persons to report upon hiring and annually thereafter all reportable securities accounts and "reportable securities" in which they have a beneficial ownership and quarterly for all "reportable securities" transactions.

Item 12. Brokerage Practices

Since the firm invests primarily in quality small and medium sized growth companies, it is important to receive the research services of those brokers specializing in this market segment.

Therefore, ACM selects brokers for its business that will assist the firm in providing a highly professional investment service to all its clients. We prefer to deal with a limited number of brokers based upon a combination of their professional research capability, financial strength and willingness to charge a reasonable commission. Factors considered in determining the reasonableness of commissions include the full range of services provided and commissions generally charged by brokers providing services to clients.

In many cases, commissions paid are larger than those charged by discount brokers. However, we believe that the benefits gained from research provided by full service brokers will produce more favorable portfolio performance in excess of any incremental commissions. In addition, total annual portfolio commissions are modest since we invest for the longer term with limited portfolio turnover.

ACM does not use soft dollar payments (commissions) to pay for services provided to our firm. In addition, we do not use brokerage commissions for client referrals. A few select clients use a custodian that requires trading through that broker dealer.

ACM typically combines client purchase and sale orders into blocks for execution to achieve more efficient execution, lower per share commission and an average price for clients. Our transactions are allocated prior to the trade since we review our accounts prior to placing orders.

Item 13. Review of Accounts

All investment advisory accounts are managed by an experienced investment professional and reviewed monthly. Additional reviews are also implemented in conjunction with any change in strategy, unusual market volatility, fundamentals of a holding, account cash flows or the needs and objectives of the client. This insures a continuous and highly professional service to all clients. As a result, the overall investment strategy and individual holdings are continuously monitored with specific action taken as necessary in all portfolios.

Quarterly analyses are forwarded to all clients. These include a summary of the total portfolio with bond and equity percentage breakdowns, current market value, estimated annual income and current yield. A listing of all individual holdings is also

provided with similar information along with a realized gain and loss update for taxable accounts. We include a performance summary of the account compared with the Dow Jones Industrial Average and the S&P 500 and our quarterly Economic & Investment Summary. Our clients also receive a monthly statement from their custodian, and they should compare this statement with our quarterly statement.

Item 14. Client Referrals and Other Compensation

We do not directly or indirectly compensate anyone who is not a supervised person for client referrals. ACM does not receive an economic benefit with investment advice from a non-client.

Item 15. Custody

ACM does not have physical custody of client funds or securities.

Item 16. Investment Discretion

ACM exercises investment discretionary authority over its client accounts as agent and attorney-in-fact with the broadest possible power of management and investment as stipulated in our investment management agreement signed by each client. Accordingly, we implement our investment strategy and execute orders without prior consultation or approval and invest and reinvest available funds as ACM deems to be in the client's best interests. However, we periodically discuss our investment strategy and future plans with our clients in coordination with investment objectives.

Item 17. Voting Client Securities

ACM does not vote proxies on behalf of our clients. Our clients receive proxies and other corporate communication directly from their custodian and vote as they wish. However, we are available to respond to clients' questions regarding this material as necessary.

Item 18. Financial Information

ACM does not require prepayment of client fees six months or more in advance and is, therefore, not required to include a balance sheet. In addition, the firm does not have any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.

Item 19. Additional Information

Legal Actions – We do not advise nor act for our clients in any legal proceedings, including bankruptcies or class actions, involving securities held in our portfolios.