

Atlantic Asset Management, L.L.C.

Part 2A of Form ADV

Brochure

916 Prince Street
Alexandria, VA 22314
www.atlanticasset.com

April 2015

This brochure provides information about the qualifications and business practices of Atlantic Asset Management, L.L.C., formerly known as Hughes Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at 703-684-7222. 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 Atlantic Asset Management, L.L.C. is also available on the SEC's website at: www.adviserinfo.sec.gov.

REGISTRATION WITH THE SEC AS AN INVESTMENT ADVISER DOES NOT IMPLY THAT ATLANTIC OR ANY PRINCIPALS OR EMPLOYEES OF ATLANTIC POSSESS ANY PARTICULAR LEVEL OF SKILL OR TRAINING IN THE INVESTMENT ADVISORY BUSINESS OR ANY OTHER BUSINESS.

Material Changes

Atlantic Asset Management, L.L.C. (“AAM” or “Atlantic”), formerly known as Hughes Capital Management, LLC (“Hughes”), has filed most recent updates to Part 2 of Form ADV in March 2015.

Effective April 2, 2015, Hughes merged with another SEC-registered fixed income investment adviser, Atlantic Asset Management, L.L.C. (“Old Atlantic”), based in Stamford, CT, whereby the businesses of Hughes and Old Atlantic were combined and the resulting combined firm is continuing the operations under the name Atlantic Asset Management, L.L.C., with the equity in the firm wholly owned by the owners of Hughes.

This brochure reflects the merger and the combined business activities of Hughes and Old Atlantic.

Table of Contents

Advisory Business	4
Fees and Compensation	5
Performance Based Fees and Side-by-Side Management	8
Types of Clients.....	8
Methods of Analysis, Investment Strategies and Risk of Loss	9
Disciplinary Information	14
Other Financial Industry Activities and Affiliations	14
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	15
Brokerage Practices	16
Review of Accounts	18
Client Referrals and Other Compensation.....	18
Custody.....	19
Investment Discretion.....	19
Voting Client Securities	19
Financial Information	20

Advisory Business

Atlantic Asset Management, L.L.C. (“AAM” or “Atlantic”) is a combined business of Hughes Capital Management, LLC (“Hughes”), which was founded in 1993, and Old Atlantic, which was founded in 1992 and merged with and into Hughes on April 2, 2015. Atlantic is 100% owned by Atlantic Capital Holdings LLC, a holding company that has two partners, Michelle A. Morton, CEO of Atlantic, and Richard T. Deary, President of Atlantic. Ms. Morton and Mr. Deary bring to Atlantic more than 50 years of combined financial services and fixed income experience.

Atlantic offers a broad array of fixed income portfolio management and asset allocation strategies and advisory services. Please refer to the sections of this Brochure under captions “Types of Clients” and “Methods of Analysis, Investment Strategies and Risk of Loss” for more detailed information on Atlantic’s advisory services.

In establishing advisory accounts, AAM reviews with the client such factors as it deems necessary in order to enable AAM to provide the kind of advice the client has requested. We take into account the client’s investment goals, financial needs, tax status and financial resources. AAM may agree in the investment management agreement with each client to investment restrictions or guidelines with respect to the types or amounts of securities or other financial instruments that may be purchased or sold for the client’s account.

Atlantic or related companies also provide advisory services to the following collective investment funds:

GLOBAL YIELD OPPORTUNITY FUND

AAM is the investment manager to Atlantic Global Yield Opportunity Fund, a global diversified credit fund (“GYOF”). GYOF invests its assets via separate accounts managed by Atlantic’s internal credit teams, as well as affiliated and non-affiliated subadvisers (“Subadvisers”). AAM is responsible for the selection of the Subadvisers, the selection of all separate account strategies and the allocation of GYOF assets among the separate accounts.

GYOF is a ‘master-feeder’ structure, in which a U.S. feeder fund, Atlantic Global Yield Opportunity Fund, LP, a Delaware limited partnership (“US Fund”), invests all of its assets in the master fund, Atlantic Global Yield Opportunity Master Fund, LP, a Cayman Islands exempted limited partnership (“Master Fund”). Atlantic GYOF GP, LLC, a Delaware limited liability company wholly owned by AAM, acts as the general partner of each of the US Fund and the Master Fund.

ATLANTIC GLOBAL ALPHA TRUST

AAM is the investment manager for the Atlantic Asset Management Global Alpha Trust, a Delaware trust. The Global Alpha Trust’s portfolio investments may include debt securities, ETFs that are based on various U.S. and international equity indices and markets, as well as

swaps, caps, collars, floors, swaptions and other instruments. AAM retains the services of a sub-adviser, Savant Investment Group, LLC, to subadvise the Global Alpha Trust.

PALMER SQUARE FUND

AAM is a member of MAPS Capital Advisors, LLC, a Delaware limited liability company and the general partner of the Palmer Square Emerging Manager Fund L.P., a Delaware limited partnership (the “PSEM Fund”) formed to pool investment funds to invest in start-up, early stage and other smaller capitalization independent investment managers and their hedge funds and investment strategies. AAM is also a member of MAPS Capital Management, LLC, the investment manager to the PSEM Fund. AAM, together with Montage Alternative Advisors LLC and Palmer Square Capital Advisors LLC, jointly directs the activities of the PSEM Fund. The PSEM Fund is closed to future investments.

25 CAPITAL RESIDENTIAL MORTGAGE OPPORTUNITIES FUND

AAM is a member of 25 Capital Ventures LLC (“25 Capital Ventures”), a Delaware limited liability company, formed to sponsor and manage a group of parallel and master-feeder private funds focused primarily on purchasing and managing U.S. residential mortgage loans (collectively, the “25 Capital Residential Mortgage Opportunities Fund”). 25 Capital Ventures is majority owned and operated by 25 Capital Partners, LLC, an SEC registered investment adviser, which also acts as the sub-advisor to the 25 Capital Residential Mortgage Opportunities Fund. 25 Capital Residential Mortgage Opportunities Fund is closed to future investments.

In this Brochure, we call all of the above funds “Atlantic Funds” or simply “Funds.” Atlantic also offers advice regarding investing with other investment managers.

In providing advice to a Fund, Atlantic and any other adviser to the Fund takes a view of the overall Fund and generally does not tailor its advisory services to the individual needs and situations of investors in the Fund.

Atlantic also continuously develops and evaluates new investment products it believes are needed by the institutional market participants, whether such products are managed internally by Atlantic or independently by other investment managers.

As of 3/31/2015, AAM managed on a discretionary basis approximately US\$2.4330 billion of client assets and provides advisory services on a non-discretionary basis with respect to US\$9.3887 billion of client assets.

Fees and Compensation

While AAM reserves the right to negotiate the amount and manner of payment of a fee with any client or prospective client, including a performance based-fee, AAM generally charges its clients the rates set forth below on the account market value, which is generally based on the average of

the assets in the account on the first and last days of each quarter (equitably adjusted to reflect material additions or withdrawals during the quarter):

FIXED INCOME – HISTORIC HUGHES ACCCOUNTS

.3% per annum up to \$25 million
.25% per annum for incremental amounts from \$25 million to \$50 million
.2% per annum for incremental amounts from \$50 million to \$100 million
Fees for incremental amounts in excess of \$100 million are negotiable
Minimum Annual Fee \$30,000
Minimum Account Size \$10,000,000

FIXED INCOME – HISTORIC ATLANTIC ACCCOUNTS

.4% per annum up to \$15 million
.3% per annum for incremental amounts from \$15 million to \$45 million
.2% per annum for incremental amounts from \$45 million to \$100 million
Fees for incremental amounts in excess of \$100 million are negotiable

BROAD MARKET TOTAL RETURN FIXED INCOME

.42% on the first \$15 million
.315% on the next \$30 million
.21% on the next \$55 million
Fees for accounts in excess of \$100 million are negotiable

SHORT DURATION/ENHANCED CASH

.34% on the first \$15 million
.25% on the next \$30 million
.17% on the next \$55 million
Fees for accounts in excess of \$100 million are negotiable

ENHANCED STOCK INDEXING

.30% on the first \$50 million
.25% on the next \$50 million
.22% on the next \$100 million
Fees for accounts in excess of \$200 million are negotiable

ASSET ALLOCATION/ADVISORY SERVICES FEE SCHEDULE

AAM provides asset allocation and other non-discretionary advisory services. The fees for these services generally range from .01% to .05% of the account market value, depending on the level of services provided and the amount of assets monitored, and may contain minimum fees.

All fees will be billed monthly or quarterly in arrears, unless otherwise negotiated. Fees are generally invoiced and payable upon receipt.

AAM's fees for the Funds are as follows:

GLOBAL YIELD OPPORTUNITY FUND

The Master Fund generally pays to AAM a monthly management fee equal to 0.0625% of the net worth of each investor's capital account as of the end of each month (approximately 0.75% annually). AAM may reduce or waive or negotiate a different management fee in its discretion, including to its employees, affiliates or seed investors in GYOF. AAM pays a portion of its management fee to Subadvisers. Certain of the Subadvisers may have revenue sharing relationships with AAM, but they will not share with AAM their fees with respect to GYOF.

ATLANTIC GLOBAL ALPHA TRUST

AAM receives a management fee with respect to each investor, each month, in an amount equal to one twelfth of 1.0% of such investor's capital account balance (or NAV, as applicable) as of the last business day of the month. AAM may reduce or waive or negotiate a different management fee in its discretion, including to the employees or affiliates of AAM or Savant Investment Group, the fund's subadviser.

PALMER SQUARE FUND

Investors in the PSEM Fund pay (i) an annual management fee equal to 1% of the aggregate value of the capital commitments during the commitment period and an annual management fee of 1% of the net worth of each limited partner's capital account after the end of the commitment period, excluding the value of "Special Rights" or revenue-sharing arrangements with the underlying managers, (ii) an incentive fee of 5% per annum, calculated on a "high water mark" basis, and (iii) indirectly, the fees of the underlying funds. The general partner of the PSEM Fund may reduce or waive or negotiate a different management or incentive fee in its discretion. Subject to certain exceptions and limitations, Special Rights generally consist of up to 35% of the revenues of the underlying managers in the PSEM Fund, which are split among the general partner and the limited partners of the PSEM Fund. AAM, as a member of the general partner of the PSEM Fund, receives its pro rata portion of Special Rights of the underlying managers and funds invested in by the PSEM Fund.

25 CAPITAL RESIDENTIAL MORTGAGE OPPORTUNITIES FUND

AAM does not directly receive a management or incentive fee for the management of the 25 Capital Residential Mortgage Opportunities Fund. However, AAM will receive a portion of earnings from the management fees (but not the incentive fees) due to its minority ownership interest in the 25 Capital Ventures. Investors in the 25 Capital Residential Mortgage Opportunities Fund generally pay a management fee equal to 2% per annum of their capital commitments to the fund and a carried interest of 20% of the investment proceeds, payable after the investors received the return of their capital and a preferred return.

OTHER FEES

Client assets, including the assets of the Funds, may be invested in money market funds for the purposes of cash management. When invested in money market funds, clients are essentially paying two management fees, one to Atlantic, the other to the manager of the money market fund.

The clients of Atlantic are responsible for expenses incurred in connection with the investments in their accounts, including brokerage costs, clearing fees, fees, interest and other costs in connection with margin accounts and custodial fees.

The Atlantic Funds also pay all of their operating costs, including administrative, legal, accounting, and auditing costs and expenses, as described in greater detail in the Funds' offering documents.

As AAM may, directly or indirectly, receive all or a portion of fees payable by the investors in the Funds, a conflict may be present in such recommendation by AAM or sale of the Funds' interests. Recommendations to invest in the Funds will only be made consistent with Atlantic's fiduciary duty, and any conflicts and Atlantic's interest in the investment will be disclosed to the client or prospective client.

Performance Based Fees and Side-by-Side Management

As stated in the "Fees and Compensation" section above and consistent with the applicable law, AAM may receive a performance-based fee for its separate accounts and Funds. The incentive allocation or "performance-based fee" may create an incentive for Atlantic to make investments that are riskier or more speculative than would be the case in the absence of a performance-based fee because it is compensated based in part on capital appreciation. In addition, Atlantic will receive compensation based on unrealized appreciation, as well as realized gains on assets.

AAM manages accounts that do not charge performance-based fees. Accordingly, AAM may be deemed to have an incentive to favor accounts for which it receives a performance-based fee. AAM established procedures to ensure that clients paying performance-based fees do not receive preferential treatment over clients not paying such fees. As a fiduciary, Atlantic recognizes its duty to act in good faith with fairness in all of its dealings with all clients, regardless of fee arrangements.

Types of Clients

Atlantic may enter into investment advisory contracts with both individual and institutional investors providing continuing advice to such clients. We generally provide investment advice to state and local pension plans, and government units and plans described in Sections 401(a)(24) and 818(a)(6) of the Internal Revenue Code of 1986, as amended, corporate pension and profit-sharing plans, Taft-Hartley plans, trusts, charities, foundations, endowments, insurance companies, corporations or other business entities, and state and local municipalities. AAM is

also the investment manager of GYOF and the Global Alpha Trust. AAM has an interest in the investment manager and general partner to the PSEM Fund and 25 Capital Residential Mortgage Opportunities Fund.

Subject to our discretion, a new separately managed account will not ordinarily be accepted unless the aggregate dollar value of the securities and/or cash in the amount is at least \$5,000,000.

The minimum initial investment in GYOF is \$1,000,000, unless AAM agrees to accept a lower amount. All investors in GYOF must be (i) “accredited investors” as such term is defined in Regulation D promulgated by the SEC under the Securities Act of 1933, and (ii) “qualified purchasers” as that term is defined in Section 2(a)(51) of the Investment Company Act of 1940.

The minimum initial investment in the Global Alpha Trust is \$500,000, unless AAM agrees to accept a lower amount. In addition, each investor in the Global Alpha Trust must also be (i) an “accredited investor” under the Securities Act, (ii) a “qualified client” within the meaning of the Investment Advisers Act of 1940, and (iii) a “qualified eligible person” within the meaning of Rule 4.7 promulgated under the Commodity Exchange Act.

Atlantic generally has discretion to waive or modify the application of any provision of the investment terms applicable to an investor in a Fund in a "side letter" or in any other manner, without obtaining the consent of any other investor in such Fund. For example, certain investors may receive special fee rights and redemption rights that are not provided to other investors, subject always to AAM’s fiduciary duty to treat all investors fairly and equitably.

Methods of Analysis, Investment Strategies and Risk of Loss

AAM utilizes fundamental analysis as well as quantitative methodologies and models to facilitate portfolio management. The primary research and development is done in-house, but several quantitative analytic services from outside vendors are also used.

Core and Broad Market Total Return Fixed Income

Atlantic’s Core and Broad Market Total Return Fixed Income portfolios are managed and diversified across the government, corporate, asset-backed and mortgage sectors, and also incorporate high yield and emerging market bonds on an opportunistic basis where allowed by client guidelines. AAM’s Core and Broad Market Total Return Fixed Income investment process encompasses three complementary components: duration/yield curve management, sector selection and security selection, as described below:

- *Duration/Yield Curve Management:* Atlantic utilizes fundamental analysis and may also use quantitatively based econometric models to manage portfolio duration within a controlled range and to attempt to exploit opportunities for additional value added associated with rising or falling rates or a steepening or flattening of the yield curve. Generally, duration may vary plus or minus one or two years from the benchmark, depending on client objectives.

- *Sector Selection Criteria:* Atlantic seeks to keep portfolios broadly diversified across government, corporate, mortgage and asset backed sectors. However, depending on our analysis of relative value, market conditions and anticipated trends, moderate non-market sector and sub sector changes may be made. Atlantic's Broad Market Total Return Fixed Income management may utilize additional yield oriented sectors, such as high yield and emerging market high yield credit, as client guidelines allow. The allocation to these sectors is opportunistic and focused on fundamental and relative value factors. The objective focuses on avoiding defaults, minimizing credit risk, and realizing the purchased yield imbedded in the securities, in order to add attractive risk adjusted returns.
- *Security Selection Criteria:* Once target duration and sector exposures are determined, Atlantic utilizes both quantitative and fundamental methodologies to select individual securities. Within the mortgage sector, quantitative techniques are used in an effort to help build a portfolio to manage prepayment risk. Within corporates, fundamental analysis is used in an effort to identify companies that reside in economically favored industries with attractive values, and stable or improving cash flows and margins.

Short Duration

Atlantic's Short Duration portfolios are managed and diversified across government, mortgage, corporate, and asset back securities. Portfolios are designed to attempt to obtain higher yields than traditional market vehicles by modestly extending maturities and fully diversifying across multiple sectors of the investment grade bond market. Duration of these portfolios is typically less than one and a half years. Treasuries, futures and/or cash equivalents are used for liquidity and duration management.

Enhanced Stock Index

Enhanced Stock Indexing is a portable alpha strategy, designed to generate excess return (versus common stock indexes) through the combination of stock index futures (and/or swaps) and short duration fixed income management. The desired beta exposure is met through futures and/or total return swap contracts, and excess return is sought with active short duration fixed income management to outperform Libor, the implied financing rate in the futures/swap contracts. The strategy is designed with the objective to generate a positive excess return over the benchmark with reasonable tracking error. Although the S&P 500 is the most common index employed, this strategy can be applied to any domestic or international stock index for which a robust futures market exists.

Risks

Below is a summary of the material risks associated with the identified strategies and methods of analysis used by AAM. Investing in securities and other financial instruments involves a risk of loss. All investment strategies carry some degree of investment and market risk. The risks involved for different client accounts will vary based on each client's investment strategy and the type of securities or other investments held in the client's account. Clients should be aware that not all of the risks listed below will pertain to every account - certain risks may only apply to certain strategies. Not all risks may be described below.

Interest Rate Risks

The market value of an account's investments will change in response to changes in interest rates, including the absolute level of rates and the spread between rates in the shape of the yield curve. The magnitude of these fluctuations is generally greater for securities with longer maturities and less for shorter maturities or adjustable rate securities. As interest rates increase, bond prices fall and vice versa. Calculated duration is a tool to gauge the magnitude of expected price fluctuation in a bond due to interest rate changes.

Credit Risks

An account is also subject to the risk that an issuer of securities will be unable to pay principal and/or interest when due, or that the value of a security will suffer because investors believe the issuer is less able to pay. Financial strength and solvency of an issuer are the primary factors influencing credit risk. Subordination, lack or inadequacy of collateral or credit enhancement for a debt instrument affects its credit risk.

Government securities are subject to varying degrees of credit risk depending upon how the securities are supported. Not all government securities are backed by the full faith and credit of a national government.

Market Risks

Even in the absence of a credit downgrade or default, the price of fixed income securities held by an account may decline significantly due to reduction in market demand. Market demand for fixed income securities is amplified by liquidity risks.

Issuer Risk

The risk that the value of a security may decline for reasons directly related to the issuer, such as management performance, financial leverage and reduced demand for the issuer's goods or services.

Asset-Backed (Including Mortgage-Backed) Securities Risks

Payment of interest and repayment of principal on asset-backed securities largely depends on the cash flows generated by the underlying assets backing the securities. The amount of market risk associated with investments in asset-backed securities depends on many factors, including the deal structure, the quality of the underlying assets, the level of credit support, if any, provided for the securities, and the credit quality of the credit-support provider, if any. Asset-backed securities involve risk of loss of principal if obligors of the underlying obligations default and the defaulted amounts exceed the securities' credit support.

In addition, principal repayment could be materially slowed depending on the cash flows generated by the underlying assets and/or principal losses may materially reduce payments

received by an investor. The obligations underlying asset-backed securities, in particular securities backed by pools of residential and commercial mortgages, also are subject to unscheduled prepayment. Consequently, early payment associated with mortgage-backed securities may cause these securities to experience significantly greater price and yield volatility than traditional fixed income securities.

The value of asset-backed securities also may be affected by other factors, such as the availability of information concerning the pool and its structure, the creditworthiness of the servicing agent for the pool and its ability to service the underlying collateral, the originator of the underlying assets, or the entities providing the credit enhancement. Additionally, the value of asset-backed securities is subject to risks associated with the servicers' performance. In addition, the insolvency of entities that generate receivables or that utilize the underlying assets may result in a decline in the value of the underlying assets as well as costs and delays.

An unexpectedly high rate of defaults on the mortgages held by a mortgage pool may limit substantially the pool's ability to make payments of principal or interest to an account as a holder of subordinated securities, reducing the values of those securities or in some cases rendering them worthless; the risk of such defaults is generally higher in the case of mortgage pools that include so-called 'subprime' mortgages. An unexpectedly high or low rate of prepayments on a pool's underlying mortgages may have a similar effect on subordinated securities. In addition, certain types of asset-backed securities may experience losses on the underlying assets as a result of certain rights provided to consumer debtors under federal and state law.

Lower-Rated Securities Risks

Lower-rated securities reflect a greater possibility that adverse changes in the financial condition of the issuer or in general economic conditions, or both, may impair the ability of the issuer to make payments of interest and principal. Many issuers of lower-rated securities are highly leveraged, and their relatively high debt-to-equity ratios create increased risks that their operations might not generate sufficient cash flow to service their debt obligations. In addition, many issuers may be (i) in poor financial condition, (ii) experiencing poor operating results, (iii) having substantial capital needs or negative net worth or (iv) facing special competitive or product obsolescence problems, and may include companies involved in bankruptcy or other reorganizations or liquidation proceedings. Such lower-rated securities also may be in default. Certain securities may not be publicly traded and therefore it may be difficult to obtain information as to the true condition of the issuers. Overall declines in the below investment-grade bond and other markets may adversely affect such issuers by inhibiting their ability to refinance their debt at maturity. The inability (or perceived inability) of issuers to make timely payments of interest and principal would likely make the values of securities held by an account more volatile and could limit its ability to sell its securities at prices approximating the values placed on such securities. Lower-rated securities are generally less liquid than higher-rated securities.

Foreign Exposure 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 can be subject to greater social, economic, regulatory, and political uncertainties and can be extremely volatile.

Risks of Derivative Instruments

A derivative is a financial contract the value of which depends upon, or is derived from, the value of underlying assets, reference rates or indices. Derivatives may relate to securities, interest rates, currencies or currency exchange rates, inflation rates, commodities and other indices or assets, and include futures contracts and related options, foreign currency contracts, swap contracts, options, forward contracts, repurchase or reverse repurchase agreements or other over-the-counter contracts. All derivative instruments involve risks different from, and potentially greater than, the risks associated with investing directly in securities and other more traditional assets, including: management risk, counterparty risk, documentation risk, liquidity risk, and leverage risk.

Counterparty Risks

An account is exposed to counterparty risk to the extent it uses over-the-counter derivatives, enters into repurchase agreements, lends its portfolio securities, or allows an over-the-counter derivative counterparty to retain possession of collateral. If a counterparty fails to meet its contractual obligations, goes bankrupt, or otherwise experiences a business interruption, an account could miss investment opportunities or otherwise hold investments it would prefer to sell, resulting in losses.

There can be no assurance that a counterparty will be able or willing to make timely settlement payments or otherwise meet its obligations, especially during unusually adverse market conditions. An account may invest in derivatives and/or execute a significant portion of its securities transactions through a limited number of counterparties and events that affect the creditworthiness of any of those counterparties may have a pronounced effect on it.

Liquidity Risks

An account may invest in assets and derivatives that it may not be able to readily sell or dispose of, including securities whose disposition is restricted by securities laws. The effect of liquidity risk is particularly pronounced when low trading volume, lack of a market maker, the size of the position being sold, or legal restrictions limit or prevent an account's ability to initiate a transaction, sell assets or close derivative positions at desirable prices. (An account is also exposed to liquidity risk when it has an obligation to purchase particular securities (for example, as a result of entering into reverse repurchase agreements, writing a put, or closing out a short position).

Limitations on liquidity of an account's investments could prevent a successful sale thereof, result in delay of any sale, or reduce the amount of proceeds that might otherwise be realized. In addition, an account's holdings in securities for which the relevant market is or becomes less liquid are more susceptible to loss of value. Less liquid securities also may fall more in price than other securities during periods when markets decline generally. Also, because illiquid securities

may be difficult to value, the values realized on their sale may differ from the values at which they are carried by an account.

Cash Withdrawals Risk

The portfolio manager may need to sell the portfolio's holdings in order to meet clients' cash withdrawal requests. The portfolio could experience a loss when selling securities to meet these requests if the requests are unusually large or frequent, occur in times of overall market turmoil or declining prices for the securities sold, or when the securities the portfolio manager wishes to, or is required to, sell are illiquid.

Additional Funds' Risks

The Funds are subject to additional risks as described in greater detail in each Fund's offering documents. Where all or a portion of the Funds' portfolios are managed by advisers other than Atlantic, those Funds are also subject to other risks associated with those advisers, including but not limited to dependence on such advisers' investment performance, risks of investment style drifts and adviser capacity constraints, adviser key persons risks and risk of adviser misconduct.

Disciplinary Information

AAM and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's or potential client's evaluation of the company or its personnel.

Other Financial Industry Activities and Affiliations

Atlantic is registered with the Commodity Futures Trading Commission as a commodity pool operator and commodity trading advisor.

Atlantic has a small minority ownership interest in a savings and loan holding company, National Advisors Holdings, Inc. ("NAH"), for which Donald W. Trotter, Managing Director and Member of the Board of Directors of Atlantic, serves as a member of the board of directors. NAH has formed a federally chartered trust company, National Advisors Trust Company, FSB ("NATC"). NAH and NATC are regulated by the Office of Thrift Supervision. NATC acts as Trustee to the Atlantic Asset Management Global Alpha Trust.

Atlantic is the investment manager of GYOF and owns Atlantic GYOF GP, LLC, the general partner of GYOF. Atlantic may recommend investments in GYOF to its clients and other prospects. GYOF invests its assets in credit-related investment strategies via separate accounts managed by Atlantic's internal credit teams, as well as affiliated and non-affiliated Subadvisers. Certain of the Subadvisers may have revenue sharing relationships with AAM. Atlantic waives its economic interest in any Subadviser to the extent directly attributable to any GYOF assets invested with such Subadviser. However, Atlantic may be subject to a conflict of interest in

making a decision to invest GYOF assets with a related Subadviser in lieu of other Subadviser, because such investment will result in certain benefits to such related Subadvisers, including increased revenues and increased assets under management, which could improve the profile and marketability of such Subadvisers.

AAM is a member of the investment manager and general partner to the PSEM Fund. The PSEM Fund is authorized to invest in, among other things, hedge funds, their investment managers and other investment vehicles managed by start-up, early state and other managers with low to moderate assets under management. The PSEM Fund may also invest in securities, commodities and/or other financial instruments directly for hedging purposes. AAM, as a member of the general partner of the PSEM Fund, receives a portion of the revenues of the underlying managers and funds of the PSEM Fund.

AAM owns a minority ownership interest in 25 Capital Ventures, majority owned and operated by 25 Capital Partners, LLC, another SEC registered investment adviser. 25 Capital Ventures sponsors and manages the 25 Capital Residential Mortgage Opportunities Fund, a group of parallel and master-feeder private funds focused primarily on purchasing and managing performing and non-performing U.S. residential mortgage loans. 25 Capital Partners, LLC acts as the sub-advisor to the 25 Capital Residential Mortgage Opportunities Fund.

Funds may be subject to additional conflicts as described in more detail in each Fund's offering documents.

As described above, AAM periodically recommends Funds to its clients, and may directly or indirectly receive compensation for doing so. While this creates a conflict of interest, AAM acts in the best interest of its clients when recommending or selecting Funds or third party or affiliated investment advisers and continuously monitors its clients' investments for appropriateness. Recommendations will only be made consistent with Atlantic's fiduciary duty, and any conflicts and Atlantic's interest in the investment will be disclosed to the client or prospective client.

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

Certain AAM employees have made individual investments in Funds or accounts managed by AAM or its affiliates.

Securities managed for clients are typically fixed income securities and derivatives, including futures, that could be purchased from time to time for AAM or personal accounts of related persons. To avoid any potential conflicts of interest involving personal trades, AAM has adopted procedures, which include a formal code of ethics and insider trading policies and procedures. AAM's procedures require, among other things, that its employees:

- Act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets;

- Place the integrity of the investment profession, the interests of clients, and the interests of AAM above one's own personal interests;
- Adhere to the fundamental standard that you should not take inappropriate advantage of your position;
- Avoid any actual or potential conflict of interest;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities;
- Practice and encourage others to practice in a professional and ethical manner that will reflect credit on yourself and the profession;
- Promote the integrity of, and uphold the rules governing, capital markets;
- Maintain and improve professional competence and strive to maintain and improve the competence of other investment professionals.
- Comply with applicable provisions of the federal securities laws.

Our policy also requires all personnel who are involved in the investment process or have access to clients' holdings and trading information to: 1) report personal securities transactions on at least a quarterly basis, and 2) provide AAM with a detailed summary of certain holdings (both initially upon commencement of employment and annually thereafter) over which such employees have a direct or indirect beneficial interest. Such trades are reviewed for potential conflicts of interest. Atlantic monitors all transactions by employees in order to identify any possible violations or any pattern of conduct that may evidence a conflict or potential conflict with the principles and objectives of the code of ethics, or other inappropriate behavior. A copy of AAM's code of ethics will be provided to any client or prospective client upon request.

AAM also periodically selects or recommends other investment advisers for its clients, and may directly or indirectly receive compensation for doing so. The section of this Brochure under the caption "Other Financial Industry Activities and Affiliations" discusses in more detail these practices, the conflicts of interest they may create, and how Atlantic addresses these conflicts.

Brokerage Practices

In providing discretionary investment management services, AAM has the authority to determine, without specific client consent, (1) the securities to be bought or sold and (2) the amount of the securities to be bought or sold; however, this authority is limited by specific guidelines determined with respect to each client and attached to each client's investment management agreement with AAM.

Each of the Funds is managed by AAM or its related advisers in accordance with the Fund's organizational and offering documents.

AAM will, as a policy, allocate all investment opportunities among its clients in a manner that it considers fair and equitable to all clients, considering all factors potentially applicable to each client. Among the factors that may be considered by AAM in allocating trades among client accounts are: strategies, investment policies, guidelines or restrictions applicable to each specific

client; cash availability; risk tolerances; portfolios' actual sector weightings vs targets; and diversification of holdings.

If Atlantic believes that the purchase or sale of a security is in the best interest of more than one of its clients, Atlantic will generally aggregate the securities to be purchased or sold to obtain favorable execution and/or lower brokerage commissions. Atlantic has established allocation and aggregation procedures that are designed to ensure that each AAM client is treated fairly and that transactions are allocated in a manner that is fair and equitable to each client relative to the other clients, taking into account all relevant facts and circumstances. Clients should recognize that the advice given and the actions taken with respect to their accounts may differ from advice given or the timing and nature of action taken with respect to other advisory accounts. Clients should further recognize that transactions in a specific security may not be accomplished for all advisory accounts at the same time or at the same price. Clients may not always receive a pro-rata allocation of the aggregated order in instances where the aggregated order is partially filled or executed. In such instances, clients may not receive any allocation, including if the pro-rata allocation is less than a de minimus amount or because Atlantic has used another equitable method for allocation of the aggregated order. In certain instances, individuals participating in aggregated orders may be charged minimum transaction fees from the executing broker/dealers. Trades for a client that has directed use of a particular broker or dealer may be systematically placed at the end of aggregated trading activity for a particular security.

Portfolio managers of GYOF and Global Alpha Trust may bid for and purchase (and sell) the same securities as purchased and sold by Atlantic's portfolio managers for its separate accounts. However, the investment strategies for these Funds are materially different from the strategies of Atlantic's separate accounts. Differing investment portfolios can be expected to result from several factors, including, without limitation, differences in investment strategy, potential regulatory constraints, client imposed investment restrictions, and the amount of cash available for investment. For these reasons, such purchase and sale orders for these Funds may be made separately from purchases and sales for separate account strategies. In the event the portfolio managers for these Funds and separate accounts determine to aggregate offers to buy or sell the same bonds across a Fund and separate account portfolios, the aggregation policies described above will be in effect.

AAM uses approved brokers and dealers for institutional bonds and other securities and has full discretion in determining such brokers and dealers. AAM generally makes these determinations based on best execution and lowest commission cost, if any. (Generally, fixed income trades are principal trades and there are no commissions.)

AAM may receive, on an unsolicited basis, various research and other products and services from brokers or dealers. AAM affords no consideration, however, to the receipt of such products and services when determining through which brokers or dealers it executes client securities transactions. AAM does not use soft dollar benefits to service client accounts.

AAM's Trade Errors or Unintended Trades Policy covers errors made in the trading process in clients' separate accounts. Should such errors be caused by AAM, AAM shall put the client in the same position the client would have been in had the trade error not occurred (i.e., the client will be

made whole for any such trade error-related losses and costs suffered). Gains realized in a client account because of a trade error caused by AAM generally will remain in the client's account.

Pursuant to the terms of the investment advisory agreement, the trust agreement and the offering memorandum, governing the terms of the Atlantic Asset Management Global Alpha Trust, GYOF, the PSEM Fund, and the 25 Capital Residential Mortgage Opportunities Fund, AAM and/or the Funds' managers generally will not be liable to the respective Fund or its investors for the consequences of their conduct, and will be indemnified by each respective Fund against any losses they may incur, in the absence of bad faith, willful misconduct or gross negligence, subject always to applicable law. As a result of these provisions, each of these Funds (and not AAM or the Funds' managers) may be responsible for any losses from trading errors and similar human errors, absent bad faith, willful misconduct or gross negligence.

Review of Accounts

Accounts are typically reviewed on a daily basis, including valuation of individual securities, management of various portfolio risk factors, duration, compliance with client restrictions and other parameters, by AAM investment and operations specialists. Most portfolios are managed on a team basis and specific accounts are not assigned to individuals. The Investment Strategy Group has responsibility for establishing and maintaining total portfolio investment philosophy and strategy for separately managed accounts. Sector specialists, who are assisted by analysts, are responsible for implementing investment strategies within their area of expertise. Atlantic Funds are managed and their portfolios are reviewed in accordance with their governing documents.

Reporting to separate account clients is at least quarterly and includes full reconciliation to the client's custodian, performance, trading and other information. Certain other clients may receive reports pursuant to direction in their investment advisory contracts.

Client Referrals and Other Compensation

AAM may introduce current clients or recommend to current clients that they make an investment in products offered or advised by one of its affiliates or companies in which it has a direct or indirect equity interest, including the GYOF and the underlying managers of the PSEM Fund, and may introduce or recommend to current clients an investment in other pooled vehicles and Funds where AAM or another related person acts as manager. All clients are fully informed of the relation between the firms. Please also see the section of this Brochure under the caption "Other Financial Industry Activities and Affiliations."

AAM may compensate employees and consultants for soliciting new advisory clients for AAM. This compensation, which may include cash payments, is paid pursuant to written agreements with such persons.

Custody

All client assets are held in custody by unaffiliated broker/dealers or banks; however, the general partner or managing member of a Fund, which may be a related person of AAM, is deemed to have custody of that Fund. Investors in the Funds may not receive statements from the custodian. Instead the Funds are subject to an annual audit and the audited financial statements are distributed to each investor. The audited financial statements will be prepared in accordance with generally accepted accounting principles and distributed within 120 days of the Fund's fiscal year end.

Atlantic is not deemed to have custody over any separately managed client accounts.

Investment Discretion

AAM typically has the authority to determine, without specific client consent, (1) the securities to be bought or sold and (2) the amount of the securities to be bought or sold; however, this authority is limited by specific guidelines determined with respect to each client and attached to each client's investment management agreement with AAM.

Voting Client Securities

Our policy is to vote proxies in the interest of maximizing shareholder value. To that end, AAM will vote in a way that it believes is consistent with our fiduciary duty to put the clients interest first. Consideration will be given to both the short and long term implications of the proposal to be voted on when considering the optimal vote.

If our Proxy Administrator determines that AAM is facing a material conflict of interest in voting a proxy, our procedures provide for a Proxy Voting Committee to convene and to determine the appropriate vote. Decisions of the Committee must be unanimous, or a competent third party will be engaged, who will determine the vote.

Our complete proxy voting policy and procedures are in writing and our complete proxy voting record is available to our clients. These documents may be obtained by simply notifying AAM using the contact information on the cover of this brochure. Generally, since Atlantic manages fixed income portfolios, we do not frequently vote proxies.

To the extent AAM receives information asking for inclusion in class actions, AAM will forward that information on to the separate account client so that they can make an informed decision on whether to file or not. AAM will not file a class action claim on behalf of any separate account client. With regard to the Funds, AAM or each Fund's manager will evaluate each class action and determine whether it would be in the Funds' best interests to participate.

Financial Information

AAM has never filed for bankruptcy and is not aware of any financial condition that is reasonably likely to impair AAM's ability to meet its contractual commitments to its clients.