



AURIGA  
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# Auriga Capital Management, LLC

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This brochure provides information about the qualifications and business practices of Auriga Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at 646-998-6400 or by email at [compliance@aurigacapitalmanagement.com](mailto:compliance@aurigacapitalmanagement.com). 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. Registration as an investment adviser with the SEC does not imply a certain level of skill or training.

Additional information about Auriga Capital Management, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

March 26, 2015

## **Item 2 - Material Changes**

The date of our last updated Form ADV Part 2 was September 4, 2014.

*New Fund:* Solar Credits Opportunities Fund, LLC and Solar Credits Opportunities Fund II, LLC. Each of the Funds invests in a portfolio of long dated Solar Renewable Energy Certificate forward contracts, diversified across a number of projects and counterparties.

*Closed Funds:* The following funds closed in 2014: AUSAF ABS I, AUSAF IV, AUSAF VI, and AUSAF VII.

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## Item 4 - Advisory Business

Auriga Capital Management, LLC (“ACM” or the “Adviser”) is a Delaware limited liability company with its principal office located in New York and has been in the investment management business since 2009. The Adviser is 100% owned by Auriga Holdings, LLC. The Adviser primarily provides investment supervisory services to private investment funds (the “Funds”) which are offered exclusively to sophisticated investors, and may provide investment supervisory services for separately managed accounts for sophisticated institutional and high net worth investors.

Our primary investment management service is to provide discretionary investment advice to private funds. ACM will generally seek to achieve its client’s investment objectives by investing in renewable energy-related assets, sustainable assets and mortgage-related instruments, including Solar Renewable Energy Certificates (“SREC”), Controlled Environment Agriculture (CEA) MBS, ABS, CDOs, CMBS, related credit derivatives, residential mortgage loans and other mortgage and real estate related fixed income instruments (“Fixed Income Portfolio Investments”). ACM does not act as a custodian of client assets. All assets are maintained at a clearing house or fund administrator.

The Adviser will also act in a sub-advisory capacity to domestic and foreign investment vehicles. Asset-Backed Funds invest at least 80% of its assets in a diversified portfolio of mortgage-related instruments. The mortgage-related instruments in which the private fund invests include mortgage-backed securities (“MBS”), including both agency (i.e., government or government agency issues) and non-agency (i.e., privately issued) residential mortgage-backed securities (“RMBS”), collateralized debt obligations (“CDOs”), commercial mortgaged-backed securities (“CMBS”), collateralized loan obligations (“CLOs”), related fixed income instruments. A significant portion of the private fund’s assets is expected to be invested in non-agency RMBS. Renewable Energy Funds invest at least 80% of its assets in a portfolio consisting of renewable energy-related opportunities.

The Equity Sub-Fund in which ACM acts as a sub-adviser seeks to achieve absolute return through long/short strategies in listed equities. The Equity Sub-Fund will invest its assets in equity securities, cash, cash equivalents or bonds. The Equity Sub-Fund will predominantly invest in equities and, on an ancillary basis, in debt securities.

Short exposure will be achieved through the use of derivative instruments. The Sub-Fund’s long positions will be sufficiently liquid to cover at all times the Sub-Fund’s obligations arising from its short positions.

The Equity Sub-Fund’s mission is to maximize alpha generation from US’s market related to the biotechnology and health care industries globally as well as adjacent industries, as agricultural, crop nutrients. The Equity Sub-Fund may or may not invest in US corporations since typically positions will be related to US corporate interests and may as such be located globally. Typically, the investment strategy comprises a value with catalyst long-term approach for approximately 70%-80% of the portfolio and a momentum-based opportunistic short-term stance for another 20%-30% of the portfolio.

Periodic reviews are also communicated to provide reminders of the specific courses of action that need to be taken. More frequent reviews occur but are not necessarily communicated to the client unless immediate changes are recommended.

The Adviser does not sell annuities, insurance, stocks, bonds, mutual funds, or other commissioned products. The Adviser is affiliated with entities that sell financial products or securities such as Auriga USA, LLC. No commissions in any form are accepted. No finder’s fees are accepted.

As of December 31, 2014, ACM manages approximately \$105,960,731 in assets for approximately 16 clients, including private funds. Approximately \$105,960,731 is managed on a discretionary basis, and \$0 is managed on a non-discretionary basis. Approximately \$32,482,641 in assets is comprised of the Sub-Fund, sub-advisory relationship.

## **Item 5 - Fees and Compensation**

The fees and expenses associated with an investment in the Funds are described in detail in each of the Fund's offering documents. In the future, we may, in our discretion, manage other funds or accounts with higher or lower fees, different fee structures, and different expense payment arrangements, than the Funds. The fees the Adviser charges for managing separately managed accounts are negotiable, and will be described in each client's investment advisory agreement.

### **Management Fee**

The adviser and/or its related persons who provide services to the Funds received management fees based on a certain percentage of the Fund's net assets. The standard management fee for each Fund is calculated and paid as described in the Fund's offering documents. Management fees are negotiable, and individual management fee arrangements may vary depending on a variety of factors (including the assets under management of the applicable investor).

### **Incentive Allocation**

Investors in each Fund generally are subject to an incentive allocation. See Item 6 below for information with respect to incentive allocations.

### **Fees charged to Employees**

Due to the special relationship with its employees, the Adviser may charge reduced or no fees or incentive allocations for providing investment management services to them (including as investors in the Funds).

### **Redemptions and Termination**

Investors in the Funds may withdraw or redeem their interest in the Funds in accordance with the applicable terms set forth in the respective Fund's offering documents and other Fund documentation. Under certain circumstances, investors may pay a withdrawal or redemption fee to the Fund if the investor withdraws or redeems within a certain period of time.

Generally, the Adviser's investment services are terminable by either the Adviser or the applicable Fund. The Terms of such termination, including provisions with respect to notice and fees earned or refunded, are described in the respective Fund's offering documents or the applicable advisory agreement.

### **Other Fees and Expenses**

The Adviser's and related persons' fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the respective Fund.

Each Fund is responsible for all direct expenses related to its respective operations and activities, including all expenses associated with its investment portfolio. Funds may incur certain charges imposed by custodians, counsel, independent accountants, administrators, brokers and other professionals and consultants, the fees of directors of the Funds (or, if applicable, the general partner of a Fund) who may be affiliated with the Adviser, and any taxes, fees or other governmental charges levied against the Fund, interest on indebtedness, custodial fees, bank service fees, insurance premiums and any extraordinary expenses of the Fund, including but not limited to litigation and indemnification expenses. The Funds also will pay the out-of-pocket costs associated with making and realizing investments, including but not limited to research, information services, order management, travel, communications, brokerage commissions, filing and registration fees, and other reporting and filing expenses and the costs incurred by the Adviser, the Funds and its affiliates in

connection with specific shareholder initiatives (such as the costs of calling shareholder meetings, proxy solicitation fees and costs, and professional consulting fees). The Funds may also reimburse the general partners of the Funds or the Adviser for audit, tax and other filing and registration expense. If the Fund invests through a master Fund, the Fund will bear a *pro rata* share of the expenses of such master Fund.

Each Fund pays its expenses directly or reimburses the Adviser or its affiliates, as instructed, for expenses paid on its behalf. The direct expenses incurred by each Fund vary depending on the nature of the operations and activities of such entity and are described in detail in each Fund's offering documents.

The Adviser will pay compensation costs of its employees, rent and other overhead expenses of the Adviser. The Funds incur brokerage and other transaction related costs. Item 12 describes the factors that the Adviser may consider in selecting broker-dealers to execute Funds' transactions and determining the reasonableness of their compensation (e.g., commissions).

### **Valuation**

Each Fund's net asset value, as of any date of determination, is the value of its assets minus its liabilities as determined by the Adviser in accordance with the Fund's governing documents and generally accepted accounting principles, but is not reduced by any incentive allocation fee accrued but not yet earned. The Adviser is responsible for determining the fair market value of each Fund's investments. In doing so, the Adviser has considerable discretion in valuing certain privately-placed and less liquid investment instruments. The Adviser has adopted pricing methodologies for the valuation of the Funds' investment instruments as described in each Fund's governing documents. Securities owned that are traded on national securities exchanges are valued at the last reported sales price on the date of determination or, if no sales occurred on such day, at the mean between the bid and asked prices on such day. Investments in securities which are not listed on a national securities exchange are valued at the last sales price on the date of determination, or, if no sales occurred on such day, at the "bid" price at the close of business on such day if held long and if sold short at the "asked" price at the close of business on such day. All other securities and all property other than securities will be valued at fair value as reasonably determined by the general partner of the relevant Fund or its designee. Securities or other property that is subject to any restriction will be valued by the general partner or its designee taking into account such restriction.

Valuation determinations will affect a Fund's performance reporting and fee calculations. The Adviser generally will face a conflict of interest involving valuation of investment instruments because these values generally will affect its compensation. The Funds may retain third parties to verify the Adviser's methodology for determining fair market values and conduct independent price verification. No officer receives compensation for the sale of securities.

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

### **Sharing of Capital Gains**

An affiliate of the Adviser may receive a performance-based incentive allocation with respect to a Fund. Incentive allocations, if applicable to an investor's investment, are allocated from the applicable account at the end of each calendar year and on any interim withdrawal of capital by, or other distribution of funds to, an investor. The standard terms governing the calculation and use of the incentive allocation are described in detail in the offering documents applicable to each Fund. Incentive allocations are negotiable, and individual incentive allocation arrangements may vary depending on a variety of factors (including assets under management of the applicable investor).

Performance-based incentive allocations may create an incentive for the Adviser to recommend investments which may be riskier or more speculative than those which would be recommended under a different incentive fee or allocation arrangement. The Adviser has designed and implemented processes and controls to ensure that all Funds are treated fairly and equitably, and to prevent inappropriate allocations of investment opportunities among the Funds.

Fund investors should review the respective Fund's offering documents for detailed information with respect to incentive allocations.

## **Item 7 - Types of Clients**

### **Description**

The Adviser provides investment advisory services to the Funds it manages, and may provide other investment advice to accredited investors, institutions such as banks or thrift institutions, investment companies, hedge funds, private funds, corporations or business entities. Client relationships vary in scope and length of service.

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

### **Methods of Analysis**

Security analysis methods may include charting, fundamental analysis, technical analysis, and cyclical analysis.

The main source of information including Bloomberg, Intex, IDC, Yieldbook, financial newspapers and magazines, inspections of corporate activities, research materials prepared internally or by others, corporate rating services, timing services, annual reports, prospectuses, filings with the securities and Exchange Commission, and company press release.

### **Investment Strategies**

The primary investment strategy used on client accounts in fixed income investment returns will be generated primarily through security selection in mortgage credit markets, including disciplined due diligence scrutiny of collateral quality, structural risks, regional housing economics, and evaluation of origination and servicing risks. The strategy is expected to benefit over the longer term from an improvement in housing and mortgage markets. It is also expected that the Fixed Income Portfolio Investments will be relatively illiquid in the short term. The investment process will be driven by analysis of potential Fixed Income Portfolio Investments with special focus on loss expectation. Security loan level analysis will be supplemented by research on U.S. residential real estate markets at the MSA level.



Investment risk will be managed through the portfolio position diversification and rigorous review of exposure to multiple fixed income risk factors.

Renewable energy investment returns will be produced through the purchase and sale of SRECs in the spot market, as well as hedging this risk using forward contracts. An extensive continual analysis of state legislation and requirements for renewable energy sources, the supply/demand dynamic for renewable energy, specific project due diligence, and the associated energy credits will lead the investment decision making process. An investment in a renewable energy fund is expected to be a long-term investment as the contracts are produced in vintages which vary in length, ranging from the current year's contracts to many years out. The fund will continually analyze build rates, SREC production, and compliance obligation projections to refine investment strategy execution.

Equity returns will generally be generated through investment in healthcare and technology verticals based on Adviser equity research and through the independent research of the equity funds portfolio managers. Strategic asset allocation utilizing a core and satellite approach is implemented. This means that we use passively-managed index and exchange traded funds as the core investments, and then add actively-managed funds where there are greater opportunities to make a difference. Portfolios are globally diversified to control the risk associated with traditional markets.

## **Risk of Loss**

*Investing in securities involves risk of loss that clients should be prepared to bear.*

Investments in the strategies managed by the Adviser entail significant risks and are suitable only for sophisticated individuals and institutions for whom such investments do not represent a complete investment program and who fully understand and are capable of bearing the risks of such investments. Prospective investors and clients should carefully consider the following risk factors. Risks include, but are not limited to, the following:

The Adviser primarily invests in RMBS, SREC and healthcare related sectors. Accordingly, the Funds' portfolios can experience more rapid change in value than would be the case if the Adviser were required to maintain wider diversification.

- *Credit Risk*

Bond issuers and other recipients of credit may fail to honor their contractual obligations including payment of both principal and interest. Such risk may lead to losses as well as failure to achieve anticipated returns. Changes in perceived credit risk can also impact the price at which securities can be purchased or sold.

- *Interest-rate Risk*

Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

- *Market Risk*

The price of a security, bond, or mutual fund 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.

- *Inflation Risk*

When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.

- *Currency Risk*

Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating Country. This is also referred to as exchange rate risk.

- *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). This primarily relates to fixed income securities.

- *Business Risk*

These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

- *Liquidity Risk*

Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if more traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.

- *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 bankruptcy and/or declining market value.

## **Item 9 - Disciplinary Information**

### **Legal Disciplinary**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of the Adviser or the integrity of the Adviser's management.

The Adviser and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

## **Item 10 - Other Financial Industry Activities and Affiliations**

### **Financial Industry Activities**

ACM is registered as an Investment Adviser with the SEC.

### **Affiliations**

ACM is part of a group of affiliated companies engaged in the financial services business. In certain situations, ACM may have business arrangements with its related companies that are material to ACM's advisory business or to its clients. These arrangements may cause ACM or a related person's interests to

diverge from the best interests of a client. We refer to advisory affiliates and any person or company that is under common control with ACM as “related persons”.

ACM is a related person of the following:

- Xzerta Energy, LLC
- Auriga Holdings, LLC
- Auriga Services, LLC

ACM is a related person of the following broker-dealers:

- Auriga USA, LLC
- Xzerta Trading, LLC

ACM has entered into an expense sharing agreement (the “Agreement”) with Auriga Services, LLC (“Auriga Services”) and several of its affiliates. Under the Agreement, Auriga Services provides experienced investment professionals to ACM and provides access to their senior investment personnel. ACM capitalizes on the significant deal origination, credit evaluation, due diligence, investment structuring, execution, portfolio management and monitoring experience of Auriga Services investment professionals.

Auriga USA, LLC (“Auriga USA”), a FINRA registered broker-dealer and an affiliate of ACM, may, as part of its efforts to purchase and sell asset backed securities of a fund for which ACM acts as investment advisor, receive compensation from such fund client.

Xzerta Trading, LLC (“Xzerta Trading”), a FINRA registered broker-dealer and an affiliate of ACM, may, as part of its efforts as a broker-dealer, act in the capacity of Placement Agent for funds that ACM may act as manager. Xzerta Trading may receive fees from the fund for its efforts in selling the underlying interests in a fund to a client of ACM.

## **Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### **Code of Ethics**

The Adviser has adopted a Code of Ethics (“Code”) pursuant to Rule 204A-1 under the Investment Advisers Act.

The Code sets forth the Adviser’s high standard of business and ethical conduct and its fiduciary duty to clients. The Code includes, among others, provisions relating to personal securities transactions; prohibition on trading on material non-public information; outside business activities; business opportunities; loans; dealings with government and industry regulators; political and charitable contributions; use of company property; gifts and entertainment; and recordkeeping.

The Adviser’s officers and employees must abide by the Adviser’s Personal Securities Transaction and Insider Trading Policies to ensure compliance with the rules and to mitigate any potential conflicts of interest associated with an Employee’s personal trading activity.

From time-to-time, employees may transact in or hold the same securities as the Funds. In these situations, the Code is designed to prevent that the employee’s personal securities transactions from taking advantage of the Funds’ transactions. The Adviser monitors personal securities trading to reasonably detect and prevent conflicts of interest between the employees and the Funds.

Employees who violate the Code are subject to disciplinary action including, but not limited to, written warnings, fines and termination of employment.

The Adviser will provide a copy of the Code to any Fund investor or prospective Fund investor upon

request by contacting the Chief Compliance Officer.

The Compliance Department is responsible for reviewing all employee and employee related trades each month. The Chief Compliance Officer's personal trades are reviewed by another Compliance Analyst with ACM. The personal trading reviews ensure that the trading of employees does not affect the markets, and that clients of the Adviser receive preferential treatment.

## **Item 12 - Brokerage Practices**

### **Selecting Brokerage Advisers**

ACM is affiliated with Auriga USA LLC, a FINRA registered broker-dealer. Auriga USA LLC is typically ACM's preferred brokerage firm; however ACM utilizes other FINRA member broker-dealers for trade execution. Specific custodian recommendations are made to clients based on their need for such services. ACM recommends custodians based on the proven integrity and financial responsibility of the Adviser and the best execution of orders at reasonable commission rates.

ACM *does not* receive fees or commissions from any of these arrangements.

### **Best Execution**

In selecting broker-dealers, the Adviser seeks to obtain best execution under the circumstances, taking into consideration, among others, the broker-dealers' ability to effect prompt and reliable executions at favorable prices; operational efficiency with which transactions are effected taking into account the size of order and difficulty of execution; financial strength; integrity and stability; commitment of capital to facilitate transactions; quality, comprehensiveness and frequency of available research services considered to be of value; and competitiveness of commission rates and dealer spreads in comparison with other broker-dealers. The Adviser is not required to weigh any of these factors equally.

Funds' transactions may involve specialized services on the part of a broker-dealer, which may justify higher commissions (and mark-ups or mark-downs) than would be the case for more routine services.

### **Research and Brokerage Services**

The Adviser does not receive any third-party research services or products with the Funds' commissions ("Soft Dollars"). As is customary in the industry, broker-dealers may provide their own proprietary research to investment advisers, including the Adviser. Generally, commissions paid to these broker-dealers to execute transactions include the cost to receive their proprietary research and other brokerage services, including facilitating access to issuers' senior officers.

While the Adviser uses proprietary research to benefit all Funds in its investment decision-making or trade execution process, Funds whose Soft Dollars are used to pay for proprietary research and brokerage services may not necessarily receive the direct benefit of this research or brokerage services while Funds who do not pay for these services may receive the benefit. The Adviser believes that receipt of proprietary research and brokerage services assists the Adviser in its investment decision-making and trade execution process and benefits all Funds without regard to whether the Fund who provides the Soft Dollars receives the direct benefit. Research received is in addition to and not in lieu of services required to be performed by the Adviser and the Adviser's management fees are not reduced as a consequence of the receipt of such supplemental research.

The Adviser does not negotiate "execution only" commission rates. Accordingly, commission rates may be higher than what might be otherwise available to execute the transaction and the Funds may be deemed to be paying for research services provided by the broker which are included in the commission rate.

The Adviser's Brokerage Review Committee meets to review, when appropriate, among other items, new brokerage arrangements, commission levels, and research and brokerage requirements.

### **Aggregation and Allocation**

Trades may be aggregated for average price purposes by the Adviser's executing brokers; however ACM does not aggregate its fund or advisory client orders.

### **Trade Errors**

From time-to-time, the Adviser may cause a trade error to occur. For example, trade errors may happen as a result of buying or selling an incorrect amount of securities, transactions were effected for the wrong Fund, or the order was effected in the wrong direction (e.g., shares were purchased when they should have been sold). When trade errors occur, the Adviser's policy is to correct the error promptly. In the event that the Adviser caused the error, the Adviser will make the Fund whole for the loss unless the circumstances of the situation may cause an unjust enrichment for the Fund. If a third-party caused the error (e.g., the Adviser properly gave the trade instructions to a broker-dealer but the broker-dealer executed the order incorrectly), the Adviser will make reasonable efforts to collect from the third-party the amount of the error; however, the Fund will bear the loss if the Adviser is not successful in collecting the amount of the error from the third-party.

### **Directed Brokerage**

The Adviser does not accept Fund investor's instructions to effect Fund transactions with certain broker-dealers.

### **Principal and Agency Cross Transactions**

Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys securities from or sells securities to advisory clients. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated fund and another client account.

An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

The Adviser is not registered as a broker-dealer and its affiliated broker-dealer does not engage in such activity.

## **Item 13 - Review of Accounts**

### **Account Reviews**

One or more members of the Adviser's staff are primarily responsible for reviewing the investor investment portfolios and do so periodically either individually or in a group depending upon each Fund's needs and the market conditions. Portfolio Managers regularly review positions to ensure compliance with the Funds' objectives and operating guidelines. Positions, potential investments, cash, among other things, are reviewed daily by the Portfolio Manager and accounting members.

## **Review Triggers**

Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's own situation.

## **Investor Reports**

Portfolio Managers review the investor reports and are instructed to consider the investor's current security positions and the likelihood that the performance of each security will contribute to the investment objectives of the client.

Clients receive periodic communications on at least an annual basis. *Advisory Service Agreement* clients and *Investment Management* clients receive written quarterly updates. The written updates may include a net worth statement, portfolio statement, and a summary of objectives and progress towards meeting those objectives.

## **Item 14 - Client Referrals and Other Compensation**

### *Client Referrals*

From time-to-time, the Adviser may enter into arrangements with third-party ("solicitors" or "placement agents") whereby they are compensated for referring investors to the Adviser or Funds. Generally, payments to such solicitors or placement agents will be based on a percentage of the management fee and/or a percentage of the incentive allocation earned by the Adviser with respect to such referred investor.

### *Other Compensation*

The Adviser has not entered into any arrangement under which it receives any economic benefit, including sales awards or prizes, from a person who is not a client for providing advisory services to clients.

## **Item 15 - Custody**

### **Account Statements**

The Adviser is deemed to have constructive custody of the Funds' assets as a result of the service of its related persons as general partners to the Funds. However, the Funds' assets are maintained at qualified custodians/clearing brokers and not the Adviser.

The Adviser's policy is to have the Funds audited annually by an independent auditor registered with and subject to regular inspection by the Public Company Accounting Oversight Board and to distribute copies of the audited financial statements prepared in accordance with U.S. Generally Accepted Accounting Principles ("GAAP") to the Funds' investors approximately 120 days after the end of the Fund's fiscal year.

### **Performance Reports**

Clients are urged to compare the account statements received directly from their custodians to the performance report statement provided by ACM.

## **New Worth Statements**

New worth statements are not currently a part of ACM's services.

## **Item 16 - Investment Discretion**

### **Discretionary Authority Trading**

ACM accepts discretionary authority to manage securities accounts on behalf of its managed account clients. ACM has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. However, ACM consults with the client prior to each trade to obtain concurrence if a blanket trading authorization has not been given.

ACM approves the custodian/clearing Adviser to be used and the commission rates paid to the custodian/clearing Adviser. ACM does not receive any portion of the transaction fee or commissions paid by the client to the custodian or certain trades.

Discretionary trading authority facilitates placing trades in your accounts on your behalf so that we may promptly implement the investment policy that you have approved in writing.

### **Limited Power of Attorney**

A limited power of attorney is a trading authorization for this purpose. You sign a limited power of attorney so that we may execute the trades that you have approved. In most cases, the Adviser has a management agreement with the underlying institutional account to manage its assets.

## **Item 17 - Voting Client Securities**

### **Proxy Votes**

ACM does not vote proxies on securities. Clients are expected to vote their own proxies.

When assistance on voting proxies is requested, ACM will provide recommendations to the client. If a conflict of interest exists, it will be disclosed to the client.

## **Item 18 - Financial Information**

### **Financial Condition**

ACM does not have any financial impairment that will preclude the Adviser from meeting contractual commitments to clients.

A balance sheet is not required to be provided because ACM does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$1,200 per client, and six months or more in advance.

## **Item 19 - Business Continuity Plan**

### **General**

ACM has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, service or key people.

## **Disasters**

The Business Continuity Plan covers natural disasters such as snow storms, hurricanes, tornados and flooding. The Plan also covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, T-1 communications line outage, Internet outage, railway accident and aircraft accident. Electronic files are backed up daily and archived offsite.

## **Alternate Offices**

Alternate offices are identified to support ongoing operations in the event the main office is unavailable. It is our intention to contact all clients within two days of a disaster that dictates moving our office to an alternate location.

## **Loss of Key Personnel**

ACM has not signed a Business Continuation Agreement with another financial advisory Adviser to support ACM in the event of key personnel disability or death. The Adviser believes it is adequately staffed to handle any such disaster.

## **Item 20 - Information Security Program**

### **Information Security**

ACM maintains an information security program to reduce the risk that your personal and confidential information may be breached.

### **Privacy Notice**

ACM is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us.

The categories of non-public information that we collect from you may include information about your personal finances, information about your health to the extent that it is needed for the financial planning process, information about transactions between you and third parties, and information from consumer reporting agencies (e.g., credit reports). We use this information to help you meet your personal financial goals.

With your permission, we disclose limited information to attorneys, accountants, and mortgage lenders with whom you have established a relationship. You may opt out from our sharing information with these nonaffiliated third parties by notifying us at any time by telephone, mail, fax, e-mail or in person. With your permission, we share a limited amount of information about you with your brokerage Adviser in order to execute securities transactions on your behalf.

We maintain a secure office to ensure that your information is not placed at unreasonable risk. We employ a firewall barrier, secure data encryption techniques and authentication procedures in our computer environment.

We do not provide your personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our company records and your personal records as permitted by law.



Personally identifiable information about you will be maintained while you are a client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

We will notify you in advance if our privacy policy is expected to change. We are required by law to deliver this *Privacy Notice* to you annually, in writing.