

# Williams Capital Management, LLC

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This brochure provides information about the qualifications and business practices of Williams Capital Management, LLC (“WCM” or the “Adviser”). If you have any questions about the contents of this brochure, please contact us at 212-461-6500 and or [ollquist@willcapmanagement.com](mailto:ollquist@willcapmanagement.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

Williams Capital Management, LLC is a registered investment adviser. Registration does not imply a certain level of skill or training.

**Item 2****Material Changes**

This section covers only material changes that have occurred since the last annual update. The date of the last annual update of this brochure was March 27, 2015.

There were no material changes.

**Item 3**  
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**Item 4**  
Advisory Business

Williams Capital Management, LLC (“Williams Capital Management” or the “Adviser”) is a registered investment adviser, formed in February 2002. Williams Capital Management focuses primarily on cash management and short term fixed-income strategies.

The Adviser is a wholly-owned subsidiary of The Williams Capital Group, L.P., a registered broker-dealer (“Williams Capital Group”). Christopher J. Williams is Chairman, Chief Executive Officer and Founder of Williams Capital Group and Williams Capital Management, LLC. The general partner of Williams Capital Group is The Williams Capital Group, Inc., who is 100%-owned by Mr. Williams.

The Adviser provides discretionary fixed-income advisory services for institutional investors through separate accounts. The separate accounts include cash strategies and short duration fixed income portfolios. The portfolios are benchmarked against government and corporate indexes. The funds in each account are managed according to the client’s guidelines. Separate account clients may impose restrictions on investing in certain securities or types of securities. Overall, the Adviser is flexible and willing to tailor its service to client needs within fixed income asset management. In addition, the Adviser also provides research services to a third-party investment adviser.

As of March 23, 2016 Williams Capital Management managed \$45 million on a discretionary basis.

## **Item 5**

### **Fees and Compensation**

Williams Capital Management is compensated on a percentage of assets managed basis.

#### *Separate Account Clients*

Depending on the investment strategy, fees for separate account clients are expected to range from 0.20% to 0.35% of average net assets for assets up to \$25 million, 0.15% to 0.30% from \$50 to \$100 million and 0.10% to 0.25% over \$100 million. Fees generally are payable quarterly in arrears. During negotiations for opening a separate account, the Adviser presents the standard fee schedule. Fees are negotiable to all potential clients. With existing client contracted mandates in place, fees are already established.

#### *Other Fees or Expenses in Connection with Advisory Services*

Depending on the arrangements with the Adviser and third party service providers, separate accounts may pay for administrative and custodial services and brokerage and other transaction costs.

Please also see “Brokerage Practices” in Item 12 below.

#### *Compensation from the Sale of Securities or Other Investment Products*

The Adviser and the Adviser’s supervised persons who manage client assets day-to-day do not accept compensation from the sale of securities or other investment products.

As noted above in Item 4, the Adviser’s CEO and Chairman, Christopher J. Williams, is also the CEO and Chairman of Williams Capital Group, a registered broker-dealer and the direct owner of Williams Capital Management. Through his work for the broker-dealer, where he spends the majority of his time, Mr. Williams is effectively compensated for the sale of securities or other investment products. Williams Capital Management does not view this as a conflict of interest since Mr. Williams is not involved with the day-to-day investment advisory or trading activities of the Adviser. Generally, as a matter of policy, the Adviser does not effect client portfolio transactions with Williams Capital Group. The Adviser, however, may in some instances do so, but only on an agency basis and based on the Adviser’s duty to seek best execution.

## **Item 6**

### **Performance-Based Fees and Side-by-Side Management**

The Adviser and its supervised persons do not earn performance-based fees.

## **Item 7**

### Types of Clients

The Adviser provides discretionary fixed-income investment advisory services to institutional clients through separate accounts.

The adviser negotiates separately with each separate account client regarding minimum acceptable account size. Normally, the minimum account size is \$15 million.

## **Item 8**

### Methods of Analysis, Investment Strategies and Risk of Loss

#### *Methods of Analysis and Investment Strategies*

The Adviser focuses primarily on cash and short term fixed-income strategies.

The Adviser's philosophy is to find value opportunities in various sectors rather than making bets on the directionality of interest rates. In the management of cash, enhanced cash and short-term assets, the team of professionals utilizes a low-risk investment approach that maximizes liquidity, preserves capital and adds value through sector and security selection as client investment guidelines require and permit.

#### *Material Risks*

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

The material risks involved in the cash and fixed-income strategies are interest rate and yield curve risk, sector risk and credit risk.

- *Interest rate and yield curve risk.* The separate account holder runs the risk of declining market value in a rising interest rate environment.
- *Sector risk.* The separate account holder runs a similar risk of declining market value if a sector should fall out of favor.
- *Credit risk.* A decline in market value may affect near term returns but not the return of principal as long as the ability to repay investors has not deteriorated. Credit risk, in contrast, involves the potential loss of principal, if the borrower's ability to repay is impaired.

The Adviser works with clients to develop guidelines suitable to their risk tolerance.

The Adviser primarily recommends high grade securities. Most of its portfolios consist of U.S. government and agency securities. Guidelines of accounts that invest in corporate bonds have been for high grade corporate bonds. U.S. government and agency securities are generally considered to have the lowest credit risk, although they can have interest rate risk depending on the interest rate environment. High grade corporate

securities have more risk than U.S. government and agency securities, which would subject them to more credit risk.

The Adviser's cash and short term fixed-income methodologies or strategies do not have significant or unusual risks and do not involve the frequent trading of securities. The securities recommended do not involve significant or unusual risks in comparison to the available universe of fixed income securities.

## **Item 9**

### **Disciplinary Information**

The Adviser has no legal or disciplinary events to report that would be material to a client's or prospective client's evaluation of the Adviser's advisory business or the integrity of its management.

## **Item 10**

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

The Adviser's CEO and Chairman, Christopher J. Williams, is also the CEO and Chairman of Williams Capital Group, a registered broker-dealer and the direct owner of Williams Capital Management. Mr. Williams spends most of his time with the Williams Capital Group and is not involved with the day-to-day investment advisory or trading activities of the Adviser. Generally, as a matter of policy, the Adviser does not effect client portfolio transactions with Williams Capital Group. The Adviser, however, may in some instances do so, which creates a conflict of interest. However, in the occasional instances in which the Adviser uses The Williams Capital Group in this manner, it does so only on an agency basis and based on the Adviser's duty to seek best execution.

Below is a table of the management persons and their registrations.

Management Persons	Title	Registered Status	Broker/dealer Name	B/D Affiliated with Adviser
Mr. Christopher Williams	Chairman & CEO	Series 7, 24, 27, 63 & 79	The Williams Capital Group, L.P.	Yes
Mr. Thomas Ollquist	Senior Marketing Manager	Series 7, 63 & 3	The Williams Capital Group, L.P.	Yes
Mr. Jeffrey Paul	Senior Portfolio Manager	Series 7 & 63	The Williams Capital Group, L.P.	Yes
Ms. DiAnne Calabrisotto	Chief Compliance Officer	Series 7, 24, 63 & 99	The Williams Capital Group, L.P.	Yes

The Adviser is affiliated with Cordova, Smart & Williams, LLC, an investment advisor, a Delaware limited liability company that makes privately negotiated equity and equity-oriented investments in fundamentally sound, middle market companies throughout the United States.

## **Item 11**

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

#### *Description of the Code of Ethics; Personal Trading*

Williams Capital Management seeks to foster and maintain a reputation for integrity and professionalism. As a result, any activity which (1) creates even the suspicion of misuse of material non-public information by Williams Capital Management or any of its personnel, (2) gives rise to, or appears to give rise to, any breach of fiduciary duty owed to any client or investor or (3) creates any actual or potential conflict of interest, or even the appearance of a conflict of interest, between any client or investor, on the one hand, and Williams Capital Management or any of its personnel, on the other hand, must be avoided.

Williams Capital Management has adopted a Code of Ethics that sets forth standards of ethical and business conduct expected of the Adviser's personnel and addresses conflicts that may arise from personal trading by the Adviser's personnel. The Code of Ethics, among other things, requires compliance with the federal securities laws, reflects the Adviser's fiduciary responsibilities and those of its advisory personnel, requires the Adviser's personnel to periodically report their personal securities transactions and to pre-clear certain securities transactions and addresses prevention of the misuse of material non-public information. Personal trading reports are reviewed by the Adviser's Chief Compliance Officer. The Code of Ethics will be provided to any client or potential client upon request.

Adviser personnel may invest in the same securities, or related securities, that Adviser buys and sells for clients, but not transact in that security at or about the same time. Such personal trading could create a conflict of interest (*e.g.*, the possibility of "front running"), if such person's transaction would disadvantage or appear to disadvantage the client. Among other restrictions in the Code of Ethics, any transaction in a security in which the Adviser employee knows or has reason to believe is being purchased or sold, or is being considered for purchase or sale, by a Williams Capital Management client is prohibited until the client's transaction has been completed or consideration of such transaction is abandoned. Any personal transaction in a security during the period which begins seven days before and ends with seven business days after any Williams Capital Management client has traded in that security is prohibited. Additionally, acquisition of any security included in the Restricted List maintained by Williams Capital Management is prohibited. Williams Capital Management does not buy any securities for its own account.



The Adviser does not recommend to clients securities in which the Adviser or a related person has a material financial interest.

### *Principal and Cross Trades*

As a matter of policy, the Adviser does not engage in “principal” and “cross” trades. In the unforeseen circumstance that Adviser does undertake such trades, the portfolio managers must seek the authorization of the compliance officer.

## **Item 12**

### **Brokerage Practices**

The Adviser selects broker-dealers based on execution, competitive pricing and research services. Since the Adviser’s business is fixed income management, spread is paid within the posted bond prices, not a per share commission price. The Adviser compares security prices of various broker-dealers and selects the most competitively priced.

### *Research Benefits*

Subject to obtaining best price and execution, the Adviser may consider the provision of research as one factor in selecting brokers or dealers. Research services and products include publications or reports identifying the value and advisability of specific securities. They may also report on macro and micro economic factors and overall portfolio strategy.

The Adviser currently has no soft dollar arrangements. However, the Adviser may use full-service broker-dealers that provide research to most or all of their customers, without being requested to do so, and the Adviser may on occasion receive and use research provided by these broker-dealers. When this occurs, the Adviser receives a benefit because it does not have to produce or pay for the research. The Adviser may have an incentive to select broker-dealers based on its interest in receiving the research or other products or services, even though no soft dollar arrangements are in place, rather than on the Adviser's clients’ interest in receiving the most favorable execution. However, since the research provided is not material in nature and quantity and is provided by most broker-dealers with which the Adviser deals, the Adviser's receipt of such research does not have a material effect on its selection of broker-dealers. The Adviser does not separately compensate such broker-dealers for the provision of such services and does not believe that it “pays up” for such services. The research received is used for the benefit of all Williams Capital Management clients.

### *Client Referrals*

The Adviser does not consider, in selecting or recommending broker-dealers, whether the Adviser or a related person receives client referrals from a broker-dealer or third party.

### *Directed Brokerage*

The Adviser does not routinely recommend, request or require that a client direct the Adviser to execute transactions through a specific broker-dealer. The Adviser will permit a client to direct brokerage, which may cause the Adviser to be unable to achieve most favorable execution and can result in additional cost to the client. For example, in a directed brokerage account, the client may pay higher transaction costs because the Adviser may not be able to aggregate orders to reduce transaction costs, or the client may receive less favorable prices. The directed business that the Adviser has undertaken to date has involved dedicating a percentage of client trading within a separate account to minority-owned brokerage firms.

### *Trade Aggregation*

The Adviser will aggregate trades for client portfolios whenever there is the opportunity to do so. The Adviser aggregates trades to sell a security if the credit outlook deems it a sell, if the price of the security is attractive to sell given the pertinent clients' guidelines or if similarly managed portfolios are being restructured. The Adviser will aggregate security purchases whenever the security is deemed suitable to the pertinent portfolios and when cash levels in the portfolios permit the purchase.

The Adviser will determine in advance its proposed allocation of transactions among client accounts. Ultimately, each client that participates in an aggregate order will pay or receive the average price and any *pro rata* transaction charges. If an aggregate order is not executed in its entirety on a given day, securities purchased or sold on that day will be allocated to clients on a *pro rata* basis. In all circumstances, each portfolio's specific needs for liquidity, duration or weighted average days, credit quality and asset allocation requirements will weigh in the allocation decision.

### *Trade Errors*

Trade errors made by the Adviser must be corrected at no loss or benefit to the investment advisory client unless the agreement with the client as to benefits or netting only provides otherwise.

## **Item 13**

### Review of Accounts

#### *Review of Accounts*

The Adviser provides discretionary fixed-income investment advisory services for institutional investors through separate accounts. This service includes continuous evaluation of a client's portfolio and purchases and sales of securities to insure compliance with client investment guidelines. Since the Adviser actively manages institutional portfolios, the portfolio manager reviews them daily.

### *Reports to Clients*

Reviews or reports are at least quarterly, but may be monthly or, in some cases, more frequently according to client needs. Each portfolio manager is charged with reviewing and reporting his or her portfolios. These reports are reviewed by the chief compliance officer and/or senior management before they are sent.

Williams Capital Management writes individual reports for each client. The typical monthly or quarterly report includes a portfolio's positions, a list of securities sold and purchased in the case of a separate account portfolio, performance statistics, a review of the period written by the portfolio manager and any other required documentation.

Clients receive quarterly written reports. Client reports contain information required by the investment advisory agreement and include the portfolio's market value, monthly, quarterly and annual returns, and any additional required information.

### **Item 14**

#### Client Referrals and Other Compensation

No one who is not a client provides an economic benefit to the Adviser for providing investment advice or other advisory services to the Adviser's clients.

The Adviser and its related persons do not currently compensate any person directly or indirectly for client referrals but may do so in the future.

### **Item 15**

#### Custody

The Adviser does not have custody of client funds or securities.

### **Item 16**

#### Investment Discretion

The Adviser has discretionary authority to determine the type, amount and price of securities or investments to be bought and sold on behalf of clients, exercised within client defined guidelines. Such guidelines are developed at the time a contract is drawn up with each client.

### **Item 17**

#### Voting Client Securities

The necessity for and authority to vote a client's securities is determined at the time the client and the Adviser enter into an investment advisory contract. The Adviser votes proxies for each client, including any fund, that has specifically authorized the Adviser to vote its proxies in the investment management contract or otherwise.

Generally, the Adviser divides proxies into routine matters and non-recurring or extraordinary matters. It is the Adviser's general policy, absent a particular reason to the contrary, to vote with management's recommendations on routine matters. For non-recurring extraordinary matters, the Adviser votes on a case-by-case basis, generally following the policies for such matters detailed below. If there is a non-recurring extraordinary matter for which there is no policy detailed in the Adviser's proxy voting policies, the Adviser votes on a case-by-case basis in accordance with the general guidelines set forth in its policies. In the event the shares that are the subject of a proxy vote are subject to a voting (or similar) agreement, such agreement shall supersede these policies and the Adviser shall vote the relevant shares in accordance with such agreement.

In furtherance of the Adviser's goal to vote proxies in the best interests of clients, the Adviser follows procedures designed to identify and address material conflicts that may arise between the Adviser's interests and those of its clients before voting proxies on behalf of such clients.

The Adviser will give clients a written report regarding how the Adviser voted their securities as part of a regular review, unless guidelines specify otherwise. Clients may obtain a copy of the Adviser's proxy voting policies and procedures upon request.

#### **Item 18**

##### **Financial Information**

The Adviser does not have any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients and has not been the subject of a bankruptcy petition at any time during the past ten years.