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## **Form ADV, Part 2A July 7, 2017**

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This brochure provides information about the qualifications and business practices of Austin Atlantic Asset Management Co. If you have any questions about the contents of this brochure, please contact us at (800) 327-6190. 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 with the SEC does not imply any particular level of skill or training. Additional information about Austin Atlantic Assets Management Co. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Material Changes

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Our brochure has been revised since our last annual update of our Form ADV, Part 2A (“brochure”), dated March 30, 2017.

Changes that may be considered material are as follows:

- Effective June 3, 2016 Provenance Asset Management Inc. has changed its’ name to Austin Atlantic Asset Management Co., a subsidiary of Austin Atlantic Inc., formerly known as Provenance Financial Group, Inc. There have been no other changes at this time.
- Effective April 11, 2016 Shay Assets Management, Inc. has changed its’ name to Provenance Asset Management, Inc. a subsidiary of Provenance Financial Group, Inc. formerly known as Shay Investment Services, Inc. and Provenance Financial Group, Inc. There have been no other changes at this time.
- On March 26, 2015, the Securities and Exchange Commission ("SEC") and Banes Capital Management, LLC ("BCM"), and Joel L. Banes ("Banes") entered into a settlement relating to the Wells Notice issued on February 26, 2014. BCM and Banes neither admitted nor denied the allegations and consented to entry of a cease---and---desist order precluding them from acting as a broker---dealer without first registering with the SEC and to payment of monetary amounts.

Our brochure may be requested by contacting us at (800) 327-6190.

We may update this brochure at any time.

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## **Advisory Business**

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Austin Atlantic Asset Management Co. (“Austin Atlantic ” or the “Firm”) is a wholly owned subsidiary of Austin Atlantic Inc., a closely held corporation majority-owned by Rodger D. Shay and Rodger D. Shay, Jr. The Firm was formed in 1981. As of June 30, 2017, the Firm managed \$367,842,476 million in assets on a discretionary basis.

### *Mutual Fund Services*

Austin Atlantic provided discretionary advisory services to the Asset Management Fund family of mutual funds (“AMF” or the “Fund”). The Firm provides investment advice with respect to large cap value equity securities and fixed-income securities, which include mortgage- related securities, U.S. government and agency securities, collateralized mortgage obligations, repurchase agreements, and other money market instruments. Many of Austin Atlantic ’s fixed- income products and services are designed to meet the needs of financial institutions. Certain portfolios of the Fund specifically limit their investments to those that are eligible for purchase by national banks and credit unions.

On December 31, 2015, the portfolio managers of the Large Cap Equity Fund voluntarily resigned, and were replaced by Robert C. Jones, Jonathan Marmolejos and Ana Galliano. Mr. Jones, Mr. Marmolejos and Ms. Galliano are dual employees of Austin Atlantic and System Two Advisors, an SEC-registered investment advisor headquartered in Summit, NJ.

On November 29, 2016, the Firm filed a Prospectus with the Securities and Exchange Commission for a new mutual fund under the AMF family of mutual funds called the Ultrashort Financing Fund. The Fund seeks to achieve its investment objective by investing primarily in a portfolio of repurchase agreements. The Ultrashort Financing Fund commenced operations on June 7, 2017 and as of June 30, 2017 has \$55 million in net assets.

### *Consulting Services.*

Austin Atlantic also provides ad hoc credit analysis, consulting and investment accounting services to institutional clients on a non-discretionary basis.

### *Other Business.*

Austin Atlantic provides a cash management service through direct repurchase agreement arrangements (the “Master Repo Program”). Services provided under the Master Repo Program include monitoring compliance with the margin and other requirements of the Master Repurchase Agreement, effecting all transactions under the Master Repurchase Agreement, and exercising all of client’s rights and obligations under the Master Repo Program documentation. Additionally, Austin Atlantic may advise clients on structuring repurchase agreements with various borrowers, for which it is paid a consulting fee.

## Fees and Compensation

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### *Mutual Fund Clients*

Austin Atlantic serves as investment adviser to AMF, a registered open-end investment company with two portfolios. The fees charged to AMF by Austin Atlantic are based upon a percentage of each portfolio's average daily net assets, computed daily and payable monthly. The fee schedule with respect to fees paid by AMF to Austin Atlantic is as follows:

	<b>Assets</b>	<b>Annual Rate</b>
<b>AMF Large Cap Equity Fund</b>	Up to \$250 million	0.650%
	Over \$250 million	0.550%
<b>AMF Ultra Short Mortgage Fund</b>	Up to \$3 billion	0.45%
	\$3 billion to \$5 billion	0.35%
	Over \$5 billion	0.25%
<b>AAAMCO Ultrashort Financing Fund</b>		0.30%

The total fees for the Ultrashort Financing Fund charged by Austin Atlantic are capped at 0.30% per the Fund's Investment Advisory Agreement. Currently, the Investment Advisor is subsidizing the expense load of the fund while it seeks additional shareholders.

### *Consulting Clients*

Austin Atlantic provides credit analysis, consulting and investment accounting services to institutional clients on a contractual basis. Consulting services generally are provided with respect to mortgage-related securities. Fees and terms are negotiated on a case-by-case basis for such services. In addition to Austin Atlantic's consulting fees, clients will pay custody fees, brokerage and other transaction costs.

### *Cash Management Clients*

Austin Atlantic's basic fee schedule for clients in relation to its cash management program is generally 0.20% - 0.25% of assets invested through the Master Repo Program, calculated and paid monthly in arrears. Austin Atlantic may negotiate or waive fees. Either Austin Atlantic or the client may terminate the contract upon written notice. In addition to Austin Atlantic's fee, clients may pay custody fees and other transaction fees set forth in the Master Repo Program documentation.

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

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Austin Atlantic does not receive performance-based fees for any of its investment advisory services.

## **Types of Clients**

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Austin Atlantic generally provides investment advice to banks, thrift institutions, investment companies, trusts, estates and charitable organizations. With respect to non-investment company accounts,

Austin Atlantic generally imposes a \$10 million dollar account minimum for the provision of investment supervisory services. The account minimum is a general guideline and may vary depending on style considerations at the sole discretion of Austin Atlantic.

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

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Austin Atlantic's securities analysis methods include fundamental analysis as well as sophisticated quantitative and computational models to analyze both equity and fixed income securities. Austin Atlantic licenses all of the quantitative models that it currently employs. Austin Atlantic currently offers large cap equity and fixed-income investment strategies, each of which, along with the material risks involved, is described below. Investing in securities involves risk of loss that clients should be prepared to bear. For the Ultrashort Financing Fund, Austin Atlantic uses a sub-advisor, Treesdale Partners, to develop risk analytics that assist in the manager in quantifying market and securities risks.

The material risks set forth below are qualified in their entirety by the more detailed risk disclosure in the applicable product's offering materials.

### *Large Cap Blend Investment Strategy*

The Firm emphasizes domestic large cap equity securities that it perceives to be undervalued. Austin Atlantic utilizes an investment analytical tool, which relies on a blend of fundamental and quantitative tools to drive the investment process. Currently, it licenses this tool from System Two Advisors, which has developed and maintains the investment approach and analytical algorithms and processes. The material risks involved in the large cap equity strategy include but not limited to:

**Market Risk** – Market prices of securities held by a client may fall rapidly or unpredictably due to a variety of factors, including changing economic, political or market conditions.

**Large-Capitalization Stock Risk** – The stocks of large-capitalization companies may trail the returns of investments in stocks of smaller companies.

**Stock Risk – Individual** stocks may perform differently from the market as a whole and may be undervalued by the market for a long period of time.

**Analytical Risk**- the investment process may not adequately identify attractive investments, or the investment process may not function as intended due to programming or user input errors.

## **Fixed-Income Investment Strategy**

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### *Fixed-Income Investment Strategy*

The Firm's fixed Income strategies generally seeking either income or total return through a combination of capital appreciation and income. The Firm's strategies currently focus on short duration investment products and services. The Firm emphasizes U.S. government and mortgage- related securities and repurchase agreements collateralized by these securities.

The material risks involved in the fixed-income investment strategies include but not limited to:

**Market Risk** – Market prices of securities held by a client may fall rapidly or unpredictably due to a variety of factors, including changing economic, political or market conditions.

**Interest Rate Risk** – Generally, the market value of fixed-income securities moves inversely with interest rate movements. In other words, if interest rates rise, the prices of fixed -income securities tend to decline. If interest rates decline, the prices of fixed-income securities tend to increase. This inverse relationship may cause the net asset value of fixed income funds to decline/rise when interest rates rise/fall.

**Credit Risk** – Fixed-income securities carry the risk of default, which means that the issuer is unable to make additional income and principal payments. Currently, none of our fixed income mutual funds may own non-government backed securities, thereby limiting potential losses to the premium above par. However, counterparties that provide transactional services to the Fund, such as broker-dealers, and counterparties to whom the Funds may provide repurchase agreement financings, do carry credit risk. The Credit Committee of the Firm provides a review and approval process for all such counterparties.

**Call and Prepayment Risk** – Some fixed-income securities include a provision that allows the issuer to call, or repay, the outstanding debt early. Residential mortgages, which back the securities held by the funds, are a form of debt that can be called and prepaid by the mortgagor before the stated maturity. If interest rates drop low enough, the issuer of the fixed-income security and/or mortgagor can save money by repaying its callable debt and issuing new debt at lower interest rates. Improving borrower credit, or rising home prices, may also lead to faster prepayments. In these situations, your interest payments cease and principal may be paid early. Securities values at a premium to par will experience a capital loss when prepayments increase. The re-investment of proceeds into newly issued fixed-income securities may include a lower coupon rate, more consistent with prevailing interest rates. This will lower monthly interest payments.

**Liquidity Risk** – Regulatory changes since 2008 have reduced the liquidity in the secondary, over the-counter markets for many forms of fixed income securities, including mortgage-backed securities. This manifests itself in wider bid-ask spreads for trading securities, which may increase trading costs.

**Repurchase Agreement Risk** - Repurchase agreements expose the Fund to the risk that the counterparty to the Fund defaults on its obligation to repurchase the underlying instruments collateralizing the repurchase agreement or is unable to provide additional eligible securities as margin when required by the Fund. In this circumstance, the Fund could lose money if it cannot sell the underlying instruments above the purchase price

**Valuation** - The Fund will obtain third party market valuations for all securities owned by the Fund or used as collateral in repurchase agreements. Fair value pricing, if used, is inherently a process of estimates and judgments. Fair value prices established by the Fund may fluctuate to a greater degree than securities for which market quotes are readily available and may differ materially from the value that might be realized upon the sale of the security. There can be no assurance that the Fund could purchase or sell a portfolio of investments at the market or fair value price used to calculate the Fund's net asset value, or that the market or fair value price used to value the collateral held in a repurchase agreement represents the price at which the collateral can be liquidated.

### *Risks of Cash Management Service*

The risks of this product are described in detail in the Master Repo Program client package and includes, without limitation counterparty risk, liquidity risk, bankruptcy risk, default risk, and market and valuation risk with respect to the underlying collateral.

Currently, the Master Repo Program is offered exclusively with a single counterparty, BCM High Income Fund, LP (the "BCM Fund"). Banes Capital Management, LLC ("Banes LLC") serves as investment adviser to the BCM Fund. Joel L. Banes is a control person of Banes LLC and its managing member.

To the extent that client demand for participation in the Master Repo Program exceeds the capacity of available counterparties, Austin Atlantic will seek to allocate such capacity in a manner that it deems fair and reasonable taking into account multiple factors including the timing of client indications of interest, the size of each client's level of interest, ability of client to provide financing on a regular basis, liquidity needs of the client, minimum size requirements, and available capacity of counterparties. Although Austin Atlantic will seek to allocate capacity on a pro-rata basis (relative to indications of interest), there is no assurance that it will be able to do so and clients may participate to a greater degree other than Master Repos (relative to indications of interest).

The foregoing relationships may create conflicts of interest between the interests of Clients participating in the repurchase agreement program and Austin Atlantic.

### **Disciplinary Information**

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There are no legal or disciplinary events that are material to the evaluation of our advisory business or the integrity of our management.



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

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Austin Atlantic is under common control with a registered broker-dealer, Austin Atlantic Capital Inc. Austin Atlantic Capital is the distributor of AMF Funds and shares of the Fund are sold primarily to clients of Austin Atlantic Capital, which consist of institutional clients including banking and financial institutions. Austin Atlantic Capital also refers its clients to Austin Atlantic for the cash management program. The majority owners of Austin Atlantic also own and control a national savings bank, Anthem Bank (formerly First Financial Bank & Trust Co.). Advisory clients, other than the AMF Funds, may also be clients of the bank with respect to separate products offered by the Anthem Bank. Anthem Bank does not serve as custodian with respect to Austin Atlantic's advisory business. As discussed above, the Austin Atlantic entities have material business arrangements with the Banes entities.

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

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Austin Atlantic has adopted a Code of Ethics in accordance with Rule 204A-1 under the Investment Advisors Act of 1940, as amended, and Rule 17j-1 under the Investment Company Act of 1940, as amended. The Code of Ethics sets forth standards of business conduct applicable to Austin Atlantic's supervised persons and requires the reporting and review of personal securities transactions of access persons.

Austin Atlantic's Code of Ethics includes various reporting and pre-approval requirements and certain trading restrictions in order to prevent actual or potential conflicts of interest with transactions recommended to clients. The Code of Ethics applies not only to transactions by the individual, but also to transactions for accounts in which such person has a beneficial interest. Compliance with the Code of Ethics is a condition of employment. In addition, Austin Atlantic has adopted certain policies and procedures concerning the misuse of material non-public information that are designed to prevent insider trading by employees of the Firm. A copy of the Code will be made available to any client or prospective client upon request by calling Austin Atlantic's Chief Compliance Officer at (305)507-1536.

Austin Atlantic Capital or its representatives may refer its broker-dealer clients to Austin Atlantic for advisory services. Likewise, Austin Atlantic may recommend the services of Austin Atlantic Capital to clients for whom it provides services. Consulting and administrative services do not include investment supervisory services and Austin Atlantic Asset does not have investment discretion or trading authority over such accounts. Clients who maintain a brokerage relationship with Austin Atlantic Capital may request and place trades with Austin Atlantic Capital. In such instances, Austin Atlantic Capital will be compensated at commission rates then in effect for the account.

It is possible that the same type of a security recommended to a client may be bought or sold by an affiliated broker-dealer in the course of effecting transactions for its clients. Austin Atlantic does not effect transactions for its own account.

## Brokerage Practices

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### *Best Execution and Trade Allocation*

In placing orders, Austin Atlantic generally seeks to obtain the best combination of price and execution and uses its best judgment in allocating transactions. In selecting broker-dealers to effect securities transactions for clients, Austin Atlantic selects broker-dealers that it believes are financially responsible, will effectively and efficiently execute, report, clear and settle the order, provide valuable research, timely and accurately communicate with Austin Atlantic's trading desk and operations team and will charge commission rates which, when combined with these services, will produce the most favorable total cost or proceeds for each transaction under these circumstances.

Competitive spreads and commissions are significant considerations in placing transactions with broker-dealers. However, this does not mean that execution decisions must be based solely on whether the lowest possible price or commission costs may be obtained. Best execution means the best overall qualitative execution, not necessarily the lowest possible commission cost.

Fixed-income securities are usually purchased directly from the issuer, from an underwriter or from a dealer that makes a market in such securities. Purchases from dealers serving as market makers may include the spread between the bid and asked prices. Usually, there is no brokerage commission paid in such transactions. The primary considerations are availability and prompt execution of orders in an effective manner at the best price.

With respect to equity securities, the primary aim in the allocation of portfolio transactions to various brokers is the attainment of the best combination of price and efficient execution. Portfolio transactions in unlisted securities are executed in the over-the-counter market through principal market makers. Allocation among brokers is made on the basis of best price and execution.”

When securities are purchased for the fund(s), the portfolio management team allocates the security based on the investment requirements and objectives of each fund that is eligible to purchase the security. These requirements and objectives include relative cash available to invest, the risk posture of each fund relative to its stated and/or targeted levels, and the portfolio management team's expectation concerning future liquidity needs of each fund as well as other variables.

### *Brokerage Selection, Research and Other Soft Dollar Benefits*

Austin Atlantic may direct brokerage commissions on client account portfolio transactions to certain broker-dealers consistent with Section 28(e) of the Securities Exchange Act of 1934, in recognition of the value of efficient execution and research and statistical information provided by the selected broker-dealer and/or other third-party providers.

As a general matter, the research and statistical information provided may consist of written reports and presentations analyzing specific companies, analytical and quantitative tools, industry sectors, the financial markets and the economy. Such information may also include reports

accessed by computers or terminals, statistical collations and appraisals. The research provided can be either proprietary (created and provided by the broker-dealer, including tangible research products as well as, for example, access to company management or broker/dealer generated research reports) or third-party (created by the third-party, but provided by the broker-dealers). This may cause clients to pay a broker-dealer a commission rate higher than that which the broker-dealer would have charged for execution only. This is known as paying up for soft dollar benefits. These products and services may include advice, either directly or through publications or writings, as to the value of securities, the advisability of investing in, purchasing, or selling securities, and the availability of securities or purchasers or sellers of securities, and analyses and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategy, and the performance of accounts.

In the allocation of brokerage business, Austin Atlantic may have an incentive to give preference to those brokers that provide research products and services, either directly or indirectly. However, Austin Atlantic will only do so to the extent the Firm believes that the selection of a particular broker is not inconsistent with its duty to seek best execution. To the extent that Austin Atlantic is able to obtain products and services through the use of clients' commission dollars, it reduces the need to produce the same research internally or through outside providers for hard dollars and thus provides an economic benefit to Austin Atlantic. On an ongoing basis, Austin Atlantic monitors the research services received to ensure that the services received are reasonable in relation to the brokerage allocated.

If Austin Atlantic receives a product or service that both aids it in carrying out its investment decision making responsibilities (i.e., a "research use") and provides non-research related uses, Austin Atlantic will make a good faith determination as to the allocation of the cost of these "mixed-use items" between the research and non-research uses and will only use soft dollars to pay for the portion of the cost related to its research use.

The research products/services provided by brokers through its soft dollar arrangements benefit Austin Atlantic's investment process for client accounts and are used in formulating investment advice for clients of the Firm including accounts other than those that paid commissions to the brokers on a particular transaction. As a result, not all research generated by a client's trade will benefit that particular client's account. In some instances, the other accounts benefited will include accounts that clients have directed a portion of their brokerage commissions to go to particular brokers other than those providing the research products/services. Austin Atlantic does not attempt to allocate the relative costs or benefits of research among client accounts because it believes that, in the aggregate, the research it receives benefits clients and assists Austin Atlantic in fulfilling its overall duty to its clients.

During the last fiscal year, Austin Atlantic did not engage in any transactions tied to third-party soft dollar arrangements.

#### *Brokerage for Client Referrals*

In selecting broker-dealers, Austin Atlantic does not consider whether it receives client referrals from a broker-dealer or third party firms.

## *Aggregation of Client Orders*

Certain investments recommended for an investment company client by Austin Atlantic may also be appropriate for other clients. Investment decisions are made by Austin Atlantic on the basis of the investment objectives and needs of the particular client. If transactions are effected for two or more client's investment company or other clients on the same day, such transactions will be allocated between or among the clients in a manner that Austin Atlantic deems fair and equitable and, to the extent appropriate, will be aggregated.

## **Review of Accounts**

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The assigned portfolio manager reviews discretionary accounts on a periodic basis with primary responsibility for that account. The form and frequency of reporting is determined on a case-by-case basis in consultation with the client.

## **Client Referrals and Other Compensation**

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Austin Atlantic utilizes solicitors who are employees of, or contractors to, the Firm as well as employees of Austin Atlantic Capital. These solicitors may be compensated through salaries, bonuses, commissions or a flat fee.

Austin Atlantic may pay cash referral fees to unaffiliated third parties. In such instances, the referral agreement and the related activities of Austin Atlantic will be in compliance with Rule 206(4)-3 under the Investment Advisers Act of 1940, which specifies certain standards that must be met by an investment adviser and any person who solicits any client for, or refers any client to, an investment adviser prior to the payment of a cash fee, directly or indirectly, for client solicitation or referral.

## **Custody**

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Austin Atlantic does not maintain custody of client funds or securities.

## **Investment Discretion**

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*Mutual Fund Services-* Austin Atlantic may accept discretionary authority to manage securities accounts on behalf of investment company clients pursuant to an investment advisory agreement. Austin Atlantic may purchase for the portfolios of its investment company clients only securities permitted by the investment policies applicable to a particular portfolio.

*Consulting Services-* Austin Atlantic does not have investment discretion when it provides consulting services.

*Cash Management Services-* Austin Atlantic does not have investment discretion when it provides cash management services.

*Valuation Services-* Austin Atlantic's valuation services do not involve the management of securities accounts; rather, such services involve the discretionary evaluation of mortgage- and asset-backed securities for third party clients.

## **Voting Client Securities**

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Austin Atlantic has the authority to vote proxies for client securities. The following is a summary of Austin Atlantic 's proxy voting policy and procedures. Clients wishing to receive a copy of the entire Policy and procedures or information on how Austin Atlantic voted securities in their account should contact Austin Atlantic 's Chief Compliance Officer at (305) 507-1536.

It is the Firm's policy to vote proxies for client securities in the manner most economically beneficial to the client. In general, Austin Atlantic will vote against anti-takeover provisions and other actions by management that has the effect of diluting shareholders' interests (both economic and voting). Austin Atlantic will vote in favor of dilutive provisions if it deems that such provisions are nonetheless in the best interest the stockholders, such as when the provisions improve the shareholders' negotiating positions with potential acquirers.

With respect to situations that pose a potential conflict of interest, Austin Atlantic 's Executive Committee will determine the vote.

## **Financial Information**

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Austin Atlantic does not believe there is any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients, except for the legal proceedings described above.

