

# ATLANTA CAPITAL

## INVESTMENT MANAGERS

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## **Form ADV Part 2A**

**January 30, 2017**

This brochure provides information about the qualifications and business practices of Atlanta Capital Management Company, LLC (“Atlanta Capital”). If you have any questions about the contents of this brochure, please contact Atlanta Capital at 404-876-9411. 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.

Atlanta Capital is a registered investment adviser under the Investment Advisers Act of 1940 (the “Advisers Act”). Registration of an investment adviser does not imply any level of skill or training.

Additional Information about Atlanta Capital also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Summary of Material Changes

The following material changes have been made to this brochure since its last annual update on January 29, 2016:

- Added references throughout the document to our new affiliated entity, Calvert Research and Management.
- Modified market capitalization at purchase range for High Quality Small Cap to \$4 Billion.
- Modified descriptive language related to High Quality Select Equity to include the general number of holdings range.
- Modified and clarified material risk language for General Investing Risk, Interest Rate Risk and Credit Risk.
- Added specific language related to Growth Risk and Commercial Mortgage-Backed Securities Risk.
- Added section for Requirements for State-Registered Advisers.
- Added section which includes the Atlanta Capital Privacy Notice language.

Currently, Atlanta Capital's brochure may be requested by contacting us at 404-876-9411 or [compliance@atlcap.com](mailto:compliance@atlcap.com).

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## Advisory Business

Atlanta Capital Management Company, LLC (“Atlanta Capital”) is an Atlanta, Georgia based Registered Investment Advisor offering professional investment advisory services to a broad range of institutional and retail clients since 1969. As of December 31, 2016, Atlanta Capital manages \$17.6 billion in client assets on a discretionary basis.

Atlanta Capital is a majority owned subsidiary of Eaton Vance Acquisitions (“EVA”), a wholly owned subsidiary of Eaton Vance Corp. (“Eaton Vance” or “EVC”), a publically held, Boston-based investment management firm. Atlanta Capital employees maintain a minority interest in the ownership of the firm through two holding company entities, Atlanta Capital Management Holdings, LLC and Atlanta Capital, LP.

Atlanta Capital offers investment advisory services in a variety of equity, fixed income and mixed-asset strategies. In-depth fundamental analysis is the primary basis for Atlanta Capital’s investment decision making process.

We provide investment advisory services through separately managed accounts to a variety of institutional clients (“Institutional Accounts”), including business organizations, public and private pensions, trusts, foundations, charitable organizations, high net worth individuals and other entities. Atlanta Capital’s advisory services are tailored based on the investment objectives and guidelines provided by our clients. Before establishing an Institutional Account, Atlanta Capital and the client discuss the available investment strategies and the client’s investment objectives. Investment in certain securities or types of securities may be restricted at the request of the client.

Atlanta Capital also provides investment services to retail investors by advising (or sub-advising) separate account portfolios (traditional wrap portfolios) or providing model portfolios (model portfolio wrap programs) in wrap accounts sponsored by banks, broker-dealers and other financial intermediaries (“Wrap Accounts or Wrap Account programs”). In a traditional Wrap Account program, Atlanta Capital executes securities transactions in an account in the name of the wrap program participant (a “Wrap Client”), subject to any investment restrictions provided by the Wrap Client. Investment advisory services are provided to model portfolio wrap programs on a non-discretionary basis; Atlanta Capital provides model portfolios to the wrap program sponsor who then executes securities transactions on behalf of Wrap Clients. In most wrap programs, the Wrap Clients are not advisory clients of Atlanta Capital. Atlanta Capital provides portfolio management services to the Wrap Clients pursuant to an agreement with the wrap program sponsor. In model portfolio wrap programs, Atlanta Capital does not have an advisory agreement with the Wrap Client. In so called “dual contract” Wrap Account programs, Atlanta Capital does have an advisory agreement with the Wrap Client. In exchange for providing portfolio management services to Wrap Clients, Atlanta Capital receives a portion of the wrap fees paid by the participants to the wrap program sponsors.

Atlanta Capital also serves as investment sub-advisor to a number of registered investment companies or mutual funds ("Funds") which are sponsored by both Eaton Vance and unaffiliated parties. Each Fund is managed in accordance with its respective investment objectives, strategies and restrictions as approved by the Fund's Board of Trustees or other governing body, as applicable. Retail investors primarily access Atlanta Capital's advisory services indirectly by investing in Funds sub-advised by Atlanta Capital.

## **Fees and Compensation**

Atlanta Capital generally receives a fee from separately-managed accounts based upon a percentage of the assets under management, calculated according to a schedule agreed upon between Atlanta Capital and the Client. Fee schedules are negotiated and will vary by product type and account size.

Management fees are generally invoiced quarterly in arrears, based upon the calendar quarter-end market value. Atlanta Capital will consider other methods of payment and/or fee calculation at the Client's request, including billing in advance. If an advance billed Client account is terminated during the service period, fees paid in advance are refunded promptly, without further request by the client on a pro-rata basis (determined based upon the number of days the account is managed by Atlanta Capital).

Clients may choose to pay fee invoices from the assets of the accounts managed by Atlanta Capital or from another source including billing directly to the custodian. Clients will also incur additional expenses related to the management of their accounts, such as qualified custodian fees, fees and expenses deducted from the assets of any funds in which the clients invest or brokerage charges and transaction costs incurred in connection with portfolio transactions. In most cases, these additional expenses are paid to unaffiliated third parties and are not retained by Atlanta Capital or any of its affiliates. For more information about Atlanta Capital's brokerage practices see *Brokerage Practices* item 12 below in this brochure.

The investment advisory services provided by Atlanta Capital to Funds and the fee schedules for such services generally are described in each Fund's current disclosure documents filed with the Securities and Exchange Commission. Below are the standard fee schedules for Institutional Separate Account clients of Atlanta Capital. Existing clients may have different fee arrangements from those stated below.

### **Institutional Separate Account Fee Schedules and Account Minimums**

#### **High Quality Growth Plus, Focused Growth**

First \$10 million 0.70%

Next \$90 million 0.50%

Next \$150 million 0.40%

Next \$250 million 0.35%

Minimum Separate Account Initial Balance is Generally \$10 million

High Quality Small Cap, High Quality SMID Cap

First \$50 million 0.80%

Next \$50 million 0.70%

Next \$150 million 0.60%

Minimum Separate Account Initial Balance is Generally \$10 million

High Quality Socially Responsible

First \$10 million 0.80%

Next \$90 million 0.60%

Over \$100 million Negotiable

Minimum Separate Account Initial Balance is Generally \$10 million

High Quality Select Equity

First \$50 million 0.70%

Next \$100 million 0.50%

Next \$350 million 0.40%

Minimum Separate Account Initial Balance is Generally \$10 million

High Quality Fixed Income (Short Duration, Intermediate & Premier (formerly Broad Market))

First \$30 million 0.35%

Over \$30 million 0.30%

Minimum Separate Account Initial Balance is generally \$20 million

Exceptions to the account minimums above may be accepted and may be subject to a minimum annual fee. Special requirements or circumstances may result in different fee arrangements than those stated above for certain clients. For examples, additional reporting, investment policy or risk management consulting, legal research, or additional investment administrative services required or requested by some Separate Account clients may lead to higher fees. Similarly, Wrap Clients may pay higher or lower fees depending on the level of services provided under their wrap program. Individual fee arrangements are negotiated with each client separately (including board review and approval, if applicable). Subject to applicable laws and regulations, Atlanta Capital retains complete discretion over the fees that it charges to clients and may change the foregoing fee schedules at any time.

Fees may be negotiated or modified in light of a client's special circumstances, asset levels, service requirements or other factors in Atlanta Capital's sole discretion. Atlanta Capital may agree to offer certain clients a fee schedule that is lower than that of comparable clients in the same investment style. Atlanta Capital may also choose to waive all or a portion of negotiated fees for a given period. Also, for fee calculation purposes, Atlanta Capital may agree to aggregate the assets of related client accounts and such accounts may receive the benefit of a lower effective fee rate due to such aggregation.

### **Wrap Account Programs**

Atlanta Capital provides investment advisory services to Wrap Account programs sponsored by broker-dealers or other financial intermediaries (“sponsors”) by contracting directly with the sponsors. Clients in these programs (Wrap Account Clients) receive a brochure from the sponsor firm detailing all aspects of the Wrap Account program before selecting Atlanta Capital as a sub-advisor. Fees and features of each program offered by the various sponsors will vary and fees for Atlanta Capital’s services through the sponsor programs may be less than discussed above. Wrap Account clients should consult with the sponsor’s brochure for the specific fees and features applicable to their program. Sponsors and Atlanta Capital generally share in a combined service fee charged by the introducing sponsor. Atlanta Capital is generally paid a portion of the fee by the sponsor for advisory services, while the sponsor retains the remainder of the fee for trade execution, custody and additional services.

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

Atlanta Capital may accept performance-based fees where return expectations and the time period over which returns are measured are reasonable and agreeable to both parties. All incentive fee arrangements offered by ACM are in compliance with Rule 205-3 under the Investment Advisers Act of 1940.

Performance based fees may create an incentive for Atlanta Capital to make investments that are riskier or more speculative than would be the case in the absence of a performance-based fee or to favor performance-based fee accounts in the allocation of investments decisions as Atlanta Capital's compensation may be larger than it otherwise would have been due to account performance. Due to the potential conflict of interest associated with performance based accounts, Atlanta Capital has adopted procedures to monitor performance dispersion for accounts with incentive fee arrangements as compared to similarly managed non-performance-fee based accounts.



## Types of Clients

Atlanta Capital provides investment management services to a wide range of institutional and individual clients including high net worth individuals, corporate pension and profit sharing plans, banking and or thrift institutions, insurance companies, hospitals, Taft-Hartley funds, charitable institutions, foundations, endowments, professional and religious organizations, state or municipal government entities, registered mutual funds, private investment funds, trust programs and other U.S. and international institutions. In addition, Atlanta Capital provides investment advice to individual retail investors through Wrap Accounts sponsored by unaffiliated investment advisors, bank and broker-dealers.

Atlanta Capital generally has a minimum account size of \$10 million for opening a direct account as discussed in more detail in the *Fees and Compensation* section above of this brochure. Certain investment strategies require a substantially higher minimum account size while other investment strategies may be available to smaller accounts. The minimum account size for Wrap Accounts is generally lower and is determined by the agreement between Atlanta Capital and the wrap program sponsor.

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

### Methods of Analysis

Atlanta Capital invests principally in traditional equity (common stocks and equivalents) and debt securities. Atlanta Capital's evaluation of investment alternatives places primary emphasis and reliance upon fundamental analysis of issuers of equity and debt securities; political, economic, and industry developments; money and capital market conditions, with attention to interest rate patterns; and any other factors that, in Atlanta Capital's judgment, may have an impact on the value of an investment.

In developing information for use in making investment decisions and recommendations for Clients, Atlanta Capital places considerable importance on personal visits with company management by members of its portfolio management teams and research staff. Atlanta Capital also uses various standard databases available to institutional investors. Atlanta Capital may utilize other sources of information, such as on-line services and financial database services. Ultimately, primary attention and reliance is placed upon evaluations and recommendations generated internally by the Atlanta Capital investment staff.

Subject to and consistent with the individual investment objectives of Clients, Atlanta Capital seeks to achieve above-average long-term risk adjusted returns through emphasis on high quality equity or debt instruments judged by Atlanta Capital to have unrecognized value or investment potential. For equities, high quality is generally measured by a company's demonstrated history of consistent growth and stability in earnings. For debt instruments, high quality typically relates to the probability of repayment (credit risk) and the predictability of when principal repayment will occur (stability of cash flow).

Although Atlanta Capital considers ratings issued by rating agencies, it also may perform its own credit and investment analysis and may not rely primarily on the ratings assigned by the rating services. Credit ratings are based largely on the issuer's historical financial condition and the rating agency's investment analysis at the time of rating, and the rating assigned to any particular security is not necessarily a reflection of the issuer's current financial condition. The rating assigned to a security by a rating agency does not reflect assessment of the volatility of the security's market value or of the liquidity of an investment in the security.

Atlanta Capital does not generally engage in short-term trading for accounts, although the length of time a security has been held in a client's account will not be a limiting factor if Atlanta Capital determines that the holding should no longer be retained by the account.

### Investment Strategies

Atlanta Capital operates with three distinct investment teams, Growth Equity, Core Equity and Fixed Income, each leveraging a central investment philosophy.

Atlanta Capital recognizes that no single type of investment strategy will ensure rewarding investment results in every political, economic and market environment. Investing in securities and other financial instruments involves a risk of loss (which may be substantial) that clients should be prepared to bear. The investment approaches and material risks described below for each investment strategy are not comprehensive. A particular investment strategy may involve additional investment selection criteria and be subject to additional risks not described below. The principal investment strategies and associated risks for the sub-advised Fund are described in the prospectus and SAI for each Fund. The investment strategies and associated risks for Wrap Accounts are described in the offering materials provided by the wrap program sponsor. Institutional Account clients should contact their Atlanta Capital account representative for additional information about the specific investment strategies they have selected and the risks associated with those strategies.

The investment strategies offered by each investment team are summarized below.

#### Growth Equity

Atlanta Capital's Growth team believes that companies with a demonstrated history of consistent growth and stability in earnings provide attractive returns with moderate risk over the long-term. The investment process combines growth stock investing with a proprietary reward-to-risk valuation discipline to create portfolios of high quality companies. Research is bottom-up, emphasizing business fundamentals. Strategies include:

*High Quality Growth Plus* – A large cap growth oriented discipline that invests in 45-55 equity holdings with earnings growth potential and a demonstrated history of consistent growth and stability in earnings whose equities are selling at attractive valuations.

*Focused Growth* – A focused large cap growth strategy of approximately 20-30 equity holdings where our best ideas have a meaningful impact on performance. This strategy invests in companies with earnings growth potential and a demonstrated history of consistent growth and stability in earnings whose equities are selling at attractive valuations.

*Socially Responsible* – A sustainable and responsible (SRI) approach that evaluates companies according to traditional financial criteria along with corporate social responsibility criteria. SRI screening capabilities are provided through a partnership with Calvert Research and Management, an affiliated subsidiary of Eaton Vance and leading provider of sustainable and responsible investing solutions.

#### Core Equity

Atlanta Capital's Core team believes that companies with a demonstrated history of consistent growth and stability in earnings provide attractive returns with moderate risk over the long-term. The investment process applies a fundamental core approach that invests in companies in strong financial condition whose equities are priced below our estimate of fair value. Strategies include:

*High Quality Small Cap* – A fundamental core strategy that invests primarily in a portfolio of approximately 55-65 companies with a market capitalization generally of \$200 million to \$4 billion at purchase. The investment process applies a fundamental core approach that invests in companies in strong financial condition whose equities are priced below our estimate of fair value.

*High Quality SMID Cap* – A fundamental core approach that invests primarily in a portfolio of approximately 45-55 companies with a market capitalization generally of \$500 million to \$7 billion at purchase (small-to-medium capitalization or “SMID Cap” companies). The investment process applies a fundamental core approach that invests in companies in strong financial condition whose equities are priced below our estimate of fair value.

*High Quality Select Equity* – A focused portfolio of 25 to 40 companies with a market capitalization generally of \$3 billion and above. This strategy has the flexibility to capitalize on the best potential risk/reward opportunities regardless of a company’s size or sector classification.

#### Fixed Income

Atlanta Capital’s fixed income team’s philosophy is to construct a well-diversified portfolio among Treasury, agency, mortgage-backed, asset-backed, and corporate securities. Individual security buy and sell decisions are based on fundamental credit/structure research and the use of detailed spread curves we maintain in house. Attractive securities are added while overvalued holdings are sold. Our philosophy is built on the proven performance of high-quality securities with limited call risk. Strategies include:

*High Quality Premier (formerly Broad Market)* – A core domestic fixed income strategy which is duration neutral (plus or minus 20% of the benchmark) and risk controlled with value added from sector allocation and security selection. Credit quality is limited to A or better. Securities are acquired across the yield curve (1 to 30 years).

*High Quality Intermediate* – An intermediate domestic fixed income strategy which is duration neutral (plus or minus 20% of the benchmark) and risk controlled with value added from sector allocation and security selection. Credit quality is limited to A or better. Securities are primarily acquired with maturities from 1 to 10 years.

*High Quality Short Duration* – Short duration domestic fixed income strategies which are structured to serve as a short-term, defensive alternative to money market or cash instruments. The investment process emphasizes fixed rate mortgage and asset-backed securities. Portfolios are 100% invested in securities that are ‘AAA’ rated or government issued. Separate strategies with a maturity range of 0 to 2 years, 1 to 3 years, 1 to 5 years and Floating Rate are available.

*Mixed-Asset Strategies* – Mixed-asset strategies typically have broad discretion to invest in many of the equity or income strategies described above. A mixed-asset strategy may change it

allocation between equity and debt securities, or among particular equity or income approaches, depending on the economic and market conditions.

The Equity investment strategies outlined above involve a number of material risks, including one or more of the following: Equity Investing Risk; Securities Lending Risk; Risks Associated with Active Management; General Investing Risks; Smaller Company Risk; Income Risk; Borrowing Risk; Concentration Risk; Issuer Diversification Risk; Growth Risk; Tax Risk and ETF Risk. Not all of these risks apply to each equity strategy. The specific risks associated with a particular equity strategy depend on the approaches used and the extent to which the strategy employs certain portfolio management techniques or invests in financial instruments other than equity securities. For a summary of each risk, see *Descriptions of Material Risks* below.

Fixed Income investment strategies involve a number of material risks, including one or more of the following: Income Market Risk; Interest Rate Risk; Credit Risk; Derivatives Risk; Risk of U.S. Government-Sponsored Agencies; Issuer Diversification Risk; Risks Associated with Active Management; General Investing Risks; Borrowing Risk; Duration Risk; Inflation-Linked Security Risk; Maturity Risk; Tax Risk and Commercial Mortgage-Backed Securities Risk. Not all of these risks apply to each fixed income strategy. The specific risks associated with a particular income strategy depend on the approaches used and the extent to which the strategy employs certain portfolio management techniques or invests in financial instruments other than debt securities. For a summary of each risk, see *Descriptions of Material Risks* below.

### **Summary of Material Risks**

*Equity Investing Risk.* The strategy may be sensitive to stock market volatility and the stocks in which it invests may be more volatile than the stock market as a whole. The value of stocks and related instruments may decline in response to conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and currency, interest rate and commodity price fluctuations, as well as issuer or sector specific events. Market conditions may affect certain types of stocks to a greater extent than other types of stocks. If the stock market declines, the value of a portfolio will also likely decline and although stock values can rebound, there is no assurance that values will return to previous levels.

*Securities Lending Risk.* Securities lending involves possible delay in recovery of the securities or possible loss of rights in the collateral should the borrower fail financially. As a result, the value of a client portfolio may fall and there may be a delay in recovering the loaned securities. The value of a client portfolio could also fall if a loan is called and the portfolio is required to liquidate reinvested collateral at a loss or is unable to reinvest cash collateral at rates that exceed the costs involved.

*Risks Associated with Active Management.* The success of a client's account that is actively managed depends upon the investment skills and analytical abilities of Atlanta Capital to develop and effectively implement strategies that achieve the client's investment objective.

Subjective decisions made by Atlanta Capital may cause a client portfolio to incur losses or to miss profit opportunities on which it may otherwise have capitalized.

*General Investing Risks.* Most investment strategies are not intended to be a complete investment program. All investments carry a certain amount of risk and there is no guarantee that a client portfolio will be able to achieve its investment objective. Clients generally should have a long-term investment perspective and be able to tolerate potentially sharp declines in value. An investment in a client portfolio is not a deposit in a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency, entity or person..

*Smaller Company Equity Risk.* Smaller companies are generally subject to greater price fluctuations, limited liquidity, higher transaction costs and higher investment risk. Such companies may have limited product lines, markets or financial resources, and they may be dependent on a limited management group, or lack substantial capital reserves or an established performance record. There is generally less publicly available information about such companies than for larger, more established companies.

*Derivatives Risk.* The use of derivatives can lead to losses because of adverse movements in the price or value of the asset, index, rate or instrument underlying a derivative, due to failure of counterparty or due to tax or regulatory constraints. Derivatives may create economic leverage in a client portfolio, which magnifies the portfolio's exposure to the underlying investment. Derivatives risk may be more significant when derivatives are used to enhance return or as a substitute for a position or security, rather than solely to hedge the risk of a position or security held by a client portfolio. Derivatives for hedging purposes may not reduce risk if they are not sufficiently correlated to the position being hedged. A decision as to whether, when and how to use derivatives involves the exercise of specialized skill and judgment, and a transaction may be unsuccessful in whole or in part because of market behavior or unexpected events. Derivative instruments may be difficult to value, may be illiquid, and may be subject to wide swings in valuation caused by changes in the value of the underlying instrument. If a derivative counterparty is unable to honor its commitments, the value of a client portfolio may decline and/or the portfolio could experience delays in the return of collateral or other assets held by the counterparty. The loss on derivative transactions may substantially exceed the initial investment.

*Income Risk.* A portfolio's ability to generate income will depend on the yield available on the securities held by the portfolio. Changes in the dividend policies of companies held by a client portfolio could make it difficult for the portfolio to generate a predictable level of income.

*Issuer Diversification Risk.* Strategies that focus their investments in a small number of issuers are generally more susceptible to risks affecting such issuers than a more diversified strategy might be.

*Interest Rate Risk.* In general, the value of income securities will fluctuate based on changes in interest rates. The value of these securities is likely to increase when interest rates fall and decline when interest rates rise. Generally, securities with longer durations are more sensitive to changes in interest rates than shorter duration securities. Because the client portfolio is managed toward an income objective, it may hold more longer duration obligations and thereby be more exposed to interest rate risk than municipal income funds that are managed with a greater emphasis on total return. In a rising interest rate environment, the duration of income securities that have the ability to be prepaid or called by the issuer may be extended. In a declining interest rate environment, the proceeds from prepaid or maturing instruments may have to be reinvested at a lower interest rate.

*Credit Risk.* Investments in debt obligations are subject to the risk of non-payment of scheduled principal and interest. Changes in economic conditions or other circumstances may reduce the capacity of the party obligated to make principal and interest payments on such instruments and may lead to defaults. Such non-payments and defaults may reduce the value of, or income distributions from, a client portfolio. The value of a fixed income security also may decline because of real or perceived concerns about the issuer's ability to make principal and interest payments. In addition, the credit ratings of debt obligations may be lowered if the financial condition of the party obligated to make payments with respect to such instruments changes. Credit ratings assigned by rating agencies are based on a number of factors and do not necessarily reflect the issuer's current financial condition or the volatility or liquidity of the security. In the event of bankruptcy of the issuer of debt obligations, a client portfolio could experience delays or limitations with respect to its ability to realize the benefits of any collateral securing the instrument. In order to enforce its rights in the event of a default, bankruptcy or similar situation, a client may be required to retain legal or similar counsel at its own expense. Municipal obligations may be insured as to principal and interest payments. If the claims-paying ability or other rating of the insurer is downgraded by a rating agency, the value of such obligations may be negatively affected. In the case of an insured bond, the bond's rating will be deemed to be the higher of the rating assigned to the bond's issuer or the insurer.

*Risk of U.S. Government-Sponsored Agencies.* Although certain U.S. Government-sponsored agencies (such as the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association) may be chartered or sponsored by acts of Congress, their securities are neither issued nor guaranteed by the U.S. Treasury.

*ETF Risk.* Investing in an ETF exposes a client portfolio to all of the risks of that ETF's investments and subjects it to a pro rata portion of the ETF's fees and expenses. As a result, the costs of investing in ETF shares may exceed the costs of investing directly in the underlying investments. ETF shares trade on an exchange at a market price which may vary from the ETF's net asset value. ETF's may be purchased at prices that exceed the net asset value of their underlying investments and may be sold at prices below such net asset value. Because the market price of ETF shares depends on the demand in the market for them, the market price of an ETF may be more volatile than the underlying portfolio of securities the ETF is designed to

track, and a client account may not be able to liquidate ETF holdings at the time and price desired, which may impact its performance.

*Duration Risk.* Duration measures the expected life of a fixed-income security, which can determine its sensitivity to changes in the general level of interest rates. Securities with longer durations tend to be more sensitive to interest rate changes than securities with shorter durations. A portfolio with a longer dollar-weighted average duration can be expected to be more sensitive to interest rate changes than a portfolio with a shorter dollar-weighted average duration. Duration differs from maturity in that it considers a security's coupon payments in addition to the amount of time until the security matures. As the value of a security changes over time, so will its duration.

*Inflation-Linked Security Risk.* Inflation-linked debt securities are subject to the effects of changes in market interest rates caused by factors other than inflation (real interest rates). In general, the price of an inflation-linked security tends to decrease when real interest rates increase and can increase when real interest rates decrease. Interest payments on inflation linked securities may vary widely and will fluctuate as the principal and interest are adjusted for inflation. Any increase in the principal amount of an inflation-linked debt security will be taxable ordinary income, even though the portfolio will not receive the principal until maturity. There can be no assurance that the inflation index used will accurately measure the real rate of inflation in the prices of goods and services. A portfolio's investments in inflation-linked securities may lose value in the event that the actual rate of inflation is different than the rate of the inflation index.

*Maturity Risk.* Interest rate risk will generally affect the price of a fixed income security more if the security has a longer maturity. Fixed income securities with longer maturities will therefore be more volatile than other fixed income securities with shorter maturities. Conversely, fixed income securities with shorter maturities will be less volatile but generally provide lower returns than fixed income securities with longer maturities. The average maturity of a client portfolio's investments will affect the volatility of the portfolio's rate of return.

*Tax Risk.* The tax treatment of investments held in a client portfolio may be adversely affected by future tax legislation, Treasury Regulations and/or guidance issued by the Internal Revenue Service that could affect the character, timing, and/or amount of taxable income or gains attributable to an account. Income from tax-exempt municipal obligations could be declared taxable because of unfavorable changes in tax laws, adverse interpretations by the Internal Revenue Service or non-compliant conduct of a bond issuer. A portion of a client portfolio's income may be taxable to shareholders subject to the federal alternative minimum tax.

*Risks of Zero-Coupon and Deep Discount Bonds and PIK Securities.* Zero-coupon and deep discount bonds may experience volatility in market value due to changes in interest rates. Securities purchased on a when-issued or forward commitment basis are subject to the risk that when delivered they will be worth less than the agreed upon payment price. Bonds and preferred stocks that make "in-kind" payments and other securities that do not pay regular



income distributions may experience greater volatility in response to interest rate changes and issuer developments. Client portfolios that are required to make annual income distributions under the Internal Revenue Code will accrue income on certain of these instruments and may be required to sell securities to obtain cash to meet such requirement.

*Growth Risk.* Strategies which invest primarily in stocks of growth companies are subject to the risk of underperforming the overall stock market during periods in which stocks of growth companies are out of favor and generate lower returns than the market as a whole.

*Commercial Mortgage-Backed Securities Risk.* Commercial mortgage-backed securities ("CMBS") are subject to credit, interest rate, prepayment and extension risk. CMBS may not be backed by the full faith and credit of the U.S. Government and are subject to risk of default on the underlying mortgage. CMBS issued by non-government entities may offer higher yields than those issued by government entities, but also may be subject to greater volatility than government issues. CMBS react differently to changes in interest rates than other bonds and the prices of CMBS may reflect adverse economic and market conditions. Small movements in interest rates (both increases and decreases) may quickly and significantly reduce the value of CMBS.

## **Disciplinary Information**

Atlanta Capital and its affiliates are subject to routine regulatory examinations and may be involved in litigation arising in the ordinary course of business.

Atlanta Capital does not have any relevant legal, regulatory or disciplinary information to disclose that would be material to a client's evaluation of Atlanta Capital's investment advisory business or the integrity of its management.

## Other Financial Industry Activities and Affiliations

Through its parent company, Eaton Vance Acquisitions (“EVA”), Atlanta Capital is a majority owned subsidiary of Eaton Vance Corp. (“EVC”). EVC owns all of the outstanding stock of Eaton Vance Distributors, Inc. (“EVD”), a broker-dealer registered with the SEC, which serves as principal underwriter and distributor for certain Eaton Vance Funds, some of which are sub-advised by Atlanta Capital. In addition, EVD representatives actively market and support Atlanta Capital investment products to Wrap Account programs.

EVC directly or indirectly owns Eaton Vance Management (“EVM”), a registered investment adviser with the SEC, Boston Management and Research (“BMR”), a registered investment adviser with the SEC, a majority of Parametric Portfolio Associates, LLC (“PPA”), a registered investment adviser with the SEC. PPA owns a majority interest in Parametric Risk Advisors, LLC (“PRA”), a registered investment adviser with the SEC. In addition, EVC directly or indirectly owns Eaton Vance Investment Counsel (“EVIC”), a registered investment adviser with the SEC, Calvert Research and Management (“CRM”), a registered investment adviser with the SEC, a minority interest of Hexavest, Inc. (“HV”), a registered investment adviser with the SEC, Eaton Vance Advisers (Ireland) Limited and Eaton Vance Management (International) Limited, each of which serves as investment adviser or distributor to certain Offshore Funds.

EVC owns Eaton Vance Trust Company, a limited purpose non-depository trust company organized and operating under the laws of Maine. Eaton Vance Trust Company serves as trustee to common trust funds and collective investment trusts, and to private trusts for which EVIC acts as investment adviser.

Investment products of Atlanta Capital, EVM, BMR, PPA, PRA, CRM, and HV are jointly marketed by EVD representatives as discussed above. Atlanta Capital works closely with its affiliates to jointly market advisory services to institutional and high-net-worth clients, and to refer clients to the affiliates when appropriate. These shared marketing efforts and sales referrals result in intercompany transfers and cost-sharing payments between Atlanta Capital and its affiliates. Pursuant to a written agreement between Atlanta Capital and EVD, Atlanta Capital compensates EVD a percentage of the investment advisory fee earned by Atlanta Capital on certain accounts for EVD’s joint-marketing efforts.

Atlanta Capital provides investment advisory services to Wrap Account Programs sponsored by banks, broker-dealers and other financial intermediaries. Atlanta Capital may be deemed to be the adviser or sub-adviser to a Wrap Account program, depending on whether the program sponsor or another investment adviser retains the basic investment advisory function. In a Wrap Account program, the Wrap Client pays a comprehensive fee to the program sponsor which generally covers both brokerage and investment management services. It is a Wrap Client’s sole responsibility to negotiate the separate account fee with the program sponsor. If Atlanta Capital is selected as an adviser (or sub-adviser) for a Wrap Client’s assets through the Wrap Account program, Atlanta Capital will have no ongoing responsibility to assess the value

of services delivered by the program sponsor. The overall costs associated with a Wrap Account program may be higher or lower than what the Wrap Client might otherwise experience by paying Atlanta Capital advisory fees directly and negotiating transaction charges with the program sponsor. The advisory and other services provided by a Wrap Account program might not be available to the Wrap Client other than pursuant to the Wrap Account program. When acting as a sub-adviser in certain Wrap Account programs commonly called Multiple Style Portfolios (“MSP Program”), Atlanta Capital acts as a non-discretionary sub-adviser presenting a model portfolio to the MSP Program’s adviser, who is responsible, in part, for trade execution, client reporting, and other aspects of MSP Program client services. Our parent company, Eaton Vance serves as an adviser to MSP Programs and generally will retain sub-advisers, which may include affiliated entities including Atlanta Capital, to act as non-discretionary investment advisers. Atlanta Capital receives a portion of the total fee paid to Eaton Vance in such MSP Programs. The fee Atlanta Capital receives in connection with its services under the Wrap Account program may be less than it might otherwise receive for providing similar services to other clients. The minimum account dollar value of assets for these programs may differ from normal minimum levels imposed by Eaton Vance or Atlanta Capital.

Atlanta Capital may from time to time purchase special project consulting services from, or send employees and principals to educational conferences sponsored by pension consultants and fiduciaries who also may advise Atlanta Capital clients and prospects. Atlanta Capital employees and principals incur meal and entertainment expenses involving or related to consultants and fiduciaries of Atlanta Capital clients and prospects that are reimbursed by the firm. These arrangements may create a conflict of interest in connection with the consultant’s or fiduciary’s recommendation of Atlanta Capital to a client or prospect. It is Atlanta Capital’s policy to limit these activities to generally accepted business practices consistent with its fiduciary responsibilities. In no instance, however, are Atlanta Capital employees and principles permitted to improperly influence these consultants and fiduciaries as a result of these expenditures, or attempt to interfere with the consultants’ and fiduciaries’ independent decision making.

While Atlanta Capital strives to place the interests of its clients first, under certain circumstances a client’s interests may conflict with the interest of Atlanta Capital or the interests of another Atlanta Capital client. Many of these conflicts are inherent in the investment management industry and exist with all financial services companies that provide similar services. For example, Atlanta Capital may have an incentive to use the services of an affiliate when similar services may be available from an unaffiliated party at a lower cost. In addition, Atlanta Capital may have an incentive to allocate certain investment opportunities to accounts paying a higher advisory fee than to accounts paying a lower fee. Atlanta Capital is subject to various U.S. and non-U.S. laws and regulations aimed at limiting the effects of these conflicts. Atlanta Capital has adopted policies and procedures to comply with applicable laws and regulations, to mitigate these conflicts where possible and to ensure that it acts at all times in the best interests of clients. For additional information on certain conflicts of interests and the procedures designed to mitigate them, see the *Code of Ethics* section below.

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

### **Code of Ethics & Personal Trading**

Atlanta Capital has adopted various policies, including a Code of Ethics (the “Code”), to address the potential for self-dealing and conflicts of interest which may arise with respect to personal securities trading by employees, officers and other affiliated persons (“Designated Individuals”). The Code applies not only to Designated Individuals, but also to members of their “immediate family” (as defined in the Code), which includes most relatives living in the Designated Individuals principal residence. The Code and other policies cover, among other things, portfolio management and trading practices, personal investment transactions and insider trading. These policies are meant to avoid actual and apparent conflicts of interest and to ensure that clients’ interests are put first. For example, the Code restricts the timing and other circumstances under which certain Designated Individuals may purchase or sell a security which to their knowledge is being purchased or sold or being considered for purchase or sale by a client. The Code further restricts or discourages certain investment activities, such as participation in IPOs or limited offerings, frequent securities trading and the use of short sales and naked options. Designated individuals are also prohibited from purchasing or selling any security for their own account or for that of a client while in possession of material, non-public information concerning the security or its issuer. The Code also requires Designated Individuals to obtain preclearance before trading in securities for their own account and to periodically report their securities holdings, including any interests held in registered investment companies advised by Eaton Vance or its affiliates. To facilitate this reporting, these Designated Individuals are generally required to maintain personal brokerage accounts only at certain designated broker-dealers and to disclose these accounts to the Atlanta Capital Compliance Department.

Atlanta Capital imposes sanctions for violations of the Code. These sanctions may include a ban on personal securities trading, disgorgement of trading profits, monetary fines and suspension or termination of employment.

A complete copy of our Code of Business Conduct and Ethics and Personal Trading Policy is available upon request by contacting our Compliance Department at (404) 876-9411 or [compliance@atlcap.com](mailto:compliance@atlcap.com).

### **Participation or Interest in Client Transactions**

Atlanta Capital does not buy securities from, or sell securities to, any investment advisory client. The officers and employees of Atlanta Capital and accounts in which affiliated persons have an investment interest may at times buy or sell and have positions in securities which may be those recommended for purchase or sale to investment advisory clients. In addition, Atlanta Capital and its related persons may also give advice and take action in the performance of their duties to clients, which may differ from, or be similar to, the advice given, or the timing and nature of action taken, with respect to their own accounts. Atlanta Capital may combine

transaction orders placed on behalf of clients, including accounts in which affiliated persons, employees or entities of Atlanta Capital have an investment interest (such as a sub-advised mutual fund). Available investment opportunities will be allocated among clients in a manner deemed equitable by Atlanta Capital. Atlanta Capital seeks to ensure that the firm and its employees do not personally benefit from the short-term market effects of recommendations to or actions for clients through personal securities policies and procedures under our firm Code discussed in more detail above.

### **Additional Conflicts of Interest**

In special circumstances and consistent with the client's investment objectives, Atlanta Capital may invest a portion of the assets of an Institutional Account client's discretionary account in shares of an Eaton Vance Fund (or other fund sub-advised by at Atlanta Capital) or may recommend such an investment to a Institutional Account client having a non-discretionary account. Since Atlanta Capital or an affiliate receives management and/or administrative fees for serving as investment adviser to such Funds, with respect to that portion of a Institutional Account client's account invested in a Fund, the client is not charged an advisory fee by Atlanta Capital (i.e., when calculating the advisory fee payable to Atlanta Capital, the value of the Institutional Account client's account is reduced by the value of the shares of any affiliated Funds owned by the client in that account). The management and administrative fee rate payable by the Fund may be more or less than that otherwise payable by the Institutional Account client in connection with its investment advisory account. Such investments will generally not be made by Atlanta Capital without the consent of the client.

Atlanta Capital may combine transaction orders placed on behalf of clients, including accounts in which affiliated persons of Atlanta Capital have an investment interest (such as sub-advised Funds). Available investment opportunities will be allocated among clients in a manner deemed equitable by Atlanta Capital. See *Brokerage Practices* below for more information.

## Brokerage Practices

Atlanta Capital determines which securities are bought or sold for an account, the amount of such securities and the timing of the purchases and sales, the broker through which transactions are effected and the commission rates or spreads paid, except as specifically directed by the client. Our discretion in those matters, however, is limited by our responsibility to act in the best interest of our clients in fulfilling their investment objectives.

### Selection of Broker-Dealers

Atlanta Capital seeks to obtain the best overall execution when selecting broker-dealers for Client portfolio transactions. In seeking the best overall execution, Atlanta Capital will use its best judgment in evaluating the terms of a transaction and will give consideration to relevant factors including but not limited to:

- responsiveness of the broker –dealer to Atlanta Capital
- the size and type of the transaction;
- the general execution and operational capabilities of the broker-dealer firm;
- the nature and character of the market for the security;
- the confidentiality, speed and certainty of effective execution required for the transaction;
- the reputation, reliability, experience and financial condition of the firm;
- the value and quality of the services rendered by the firm in other transactions; and
- the amount of the commission or spread, if any.

The determining factor in seeking best execution is not the lowest possible commission cost, but whether the transaction represents the best overall execution for the Client. Further, in the case where a firm bundles research services with its execution services, Atlanta Capital may consider the receipt of Research Services provided it does not compromise the selection of best overall execution. See Soft Dollar Practices below for additional information about brokerage and research services received by Atlanta Capital.

After consideration of the foregoing factors, Atlanta Capital will place Client portfolio transactions for execution by that firm. Atlanta Capital continuously monitors and evaluates the overall performance of the firms that execute transactions for Clients. Atlanta Capital's trading personnel conduct this evaluation working in conjunction with portfolio managers and senior investment officers of the firm. Atlanta Capital's trading personnel maintain a current list of qualified firms available to execute client transactions. This list is reviewed periodically by the Trade Management Oversight Committee ("TMOC") a multi-function committee comprised of Executive Management, Trading, Portfolio Management, Investment Research and Compliance personnel of Atlanta Capital.

Alternative trading platforms (ECN's, etc) that meet the guidelines are also eligible for consideration. Occasionally, non-approved brokers may be used in circumstances where they

provide improved liquidity. The rationale and circumstances surrounding the use of a non-approved broker will be documented and reported to the TMOC.

A brokerage target allocation plan is established at least annually by the TMOC based upon an evaluation by the investment and trading staff of the value of the research, research sales, and trading/settlement capabilities for each broker. The targets, actual quantity of trades executed, and significant variances are reviewed periodically by the TMOC. The TMOC periodically reviews information from trade evaluation services, analyzes brokerage commission trends, and reviews variations between commission forecasts and actual. The review includes an analysis of the trade information across various time periods to assist in the evaluation of execution costs and efficiency. The TMOC also reviews and evaluate broker performance consistent with the broker selection process.

#### Brokerage Commissions

Transactions on stock exchanges and other agency transactions involve the payment by the client of negotiated brokerage commissions. Such commissions vary among different broker-dealer firms, and a particular broker-dealer often charges different commissions according to such factors as the difficulty and size of the transaction and the volume transacted by the client with the broker-dealer. In certain instances, securities traded in the over-the-counter markets have no stated commission, and the price paid or received by the client includes an undisclosed dealer markup or markdown. In an underwritten offering, the price paid by the client includes a disclosed fixed commission or discount retained by the underwriter or dealer.

Fixed Income Securities purchased and sold for clients are traded in the over-the-counter market through broker-dealers. Such firms attempt to profit from these transactions by buying at the bid and selling at the higher asked price of the market for such obligations, and the difference between the bid and the asked price is customarily referred to as the spread. Atlanta Capital uses its best efforts to obtain execution at prices which are advantageous to the client. Fixed Income Securities may also be purchased from underwriters and dealers in fixed-price offerings, the cost of which may include undisclosed fees and concessions received by the underwriters.

Commission rates are determined by Atlanta Capital through our brokerage selection process to be reasonable in relation to the value of the services provided. However, our Clients may not realize the lowest possible commission rates as our determination process considers the additional factors outlined above.

#### Soft Dollars Practices

Soft dollar practices or arrangements refer to the practice of an investment manager paying broker-dealers for investment research and other brokerage services, either provided directly by the executing broker-dealer (proprietary research) or by others (third party research), using commission dollars generated by client transactions. Under Section 28(e) of the Securities Exchange Act of 1934 ("Section 28(e)"), as interpreted by the SEC, investment managers are allowed to allocate brokerage transactions and to pay for brokerage and research services



through higher commission costs. This allows for a bundled transaction fee which includes both execution and research costs, so long as the overall cost is commensurate with the value of research or services received and such services provide lawful and appropriate assistance in the performance of the investment decision-making responsibilities.

Subject to meeting the primary objective of best execution, we select brokers which furnish both proprietary and third party research and other services to us. To the extent permitted by Section 28(e) we may pay a commission on transactions in excess of the amount of commission another broker might have charged if we determine that such commission is reasonable in relation to the value of brokerage or research services provided by such broker, viewed in terms of either the particular account transaction or our overall responsibilities with respect to the Client.

We obtain research, as permitted under Section 28(e), which may benefit all of our Clients and not just those Clients that are paying for such research. We do not seek to allocate soft dollar benefits to Client accounts proportionately to the soft dollar credit the accounts generate. To the extent permitted by Section 28(e), we do receive some economic benefit as a result of soft dollar arrangements in that we do not have to produce or pay for the research, products or services.

Research Services utilized by Atlanta Capital include:

- publications or writings that address the value of securities, or the advisability of investing in, purchasing or selling securities, as well as analyses, publications and reports concerning issuers, industries, securities, economic factors, and trends;
- technical analysis of various aspects of the securities markets
- computer software used to assist in the investment decision-making process, including on-line research services (*e.g., Bloomberg, FactSet*);
- Advice from broker-dealers on order execution, including advice on execution strategies, market color, and availability of buyers and sellers (and software that provides these types of market research)
- payment of fees for research conferences and seminars (but not travel and lodging expenses related thereto);
- performance ranking services used to assist in investment decision-making (but not marketing);
- credit rating services;
- consulting services from third parties to the extent that they are used in the investment decision-making process; and
- corporate reference books

The use of research arrangements and services as described above may provide Atlanta Capital an incentive to select broker-dealers based on our own interest in receiving the research or services rather than the interests of our clients. As such, the TMOC in consultation with equity

portfolio management and research, evaluates, consistent with our policy to obtain best execution, the nature and quality of the various Research Services obtained through broker-dealer firms. Atlanta Capital trading personnel then attempt to allocate sufficient portfolio transactions to such firms to ensure the continued receipt of Research Services Atlanta Capital believes are useful, or of value to it in rendering investment advisory services to its clients, consistent with Atlanta Capital's obligation to seek the best overall execution for our Clients.

#### Client Commission Arrangements

Atlanta Capital considers Research Services under so called "client commission arrangements" or "commission sharing arrangements" (both referred to as "CCA's") as a factor in selecting broker dealers to execute Client transactions, provided they do not comprise our obligation to seek best overall execution. Under a CCA, Atlanta Capital may execute client transactions through a broker-dealer and request that the broker-dealer allocate a portion of the commissions paid on those transactions to a pool of commissions credits that are paid to other firms that provide Research Services to Atlanta Capital. Under a CCA, the broker-dealer that provides the Research Services need not execute the trade.

Participating in CCAs may enable Atlanta Capital to consolidate payments for research using accumulated client commission credits from transactions executing through a participating broker-dealer firm to pay for Research Services obtained from and provided by other firms, including broker-dealers that supply Research Service. Atlanta Capital believes that CCA's allow us to optimize the execution of trades and the acquisition of a variety of highly quality Research Services that Atlanta Capital might not be provided without access to CCAs. Atlanta Capital will only enter into and utilize CCAs to the extent permitted by Section 28(e). As such and as required by SEC interpretive guidance, any CCA's entered into by Atlanta Capital will provide that:

- the broker-dealer pay the research preparer directly
- the broker-dealer take steps to assure itself that the client commissions that Atlanta Capital directs it to use to pay for Research Services are only for eligible research under Section 28(e).

#### Client Directed Brokerage

Upon written request from clients, a portion of the security transactions from an account may be directed to specific brokerage firms. Client direction may be to a broker-dealer that provides commission recapture benefits. A commission recapture program generally permits a Client to receive benefits (including cash rebates, products, services, and expense payments and reimbursements) from broker-dealers in connection with the Client's transactions. In the event that a Client directs us to use a particular broker-dealer, the Client (or sponsor in the case of Separately Managed Account programs) will be responsible for negotiating the commission rates with such firm or firms and such negotiation may result in higher commissions than would have been paid if Atlanta Capital had full discretion in the selection of broker-dealer firms. In addition, these direction requests may prevent the directed account from participating in the allocation of a larger simultaneous order. Atlanta Capital believes such directed accounts may

lose the possible advantage which non-directed clients derive from aggregation of orders for multiple clients. Specifically, directing Atlanta Capital trades through a specific firm or firms may affect the timeliness of executions for the directed accounts and may also result in a less advantageous price being realized by the account

Atlanta Capital's policy is to seek execution of portfolio transactions at prices which are advantageous to our clients as a whole and at commission rates that are competitive, taking into account the full range and quality of an executing broker-dealer firm's services. This process of weighing the interests of each Atlanta Capital Client may result in the trade orders for directed accounts (including Separately Managed Account/wrap fee programs discussed in more detail below) being placed after completion of non-directed orders so as to avoid conflicts in the trading marketplace. In addition, client directed brokerage on behalf of employee benefit plan clients might be subject to special requirements under the Employee Retirement Income Security Act of 1974 ("ERISA").

#### Trade Order Aggregation

Investment decisions to buy or sell securities for any account are the product of many factors, including, but not limited to, the particular client's investment objectives, available cash resources, the relative size of the client's portfolio holdings of the same or similar securities, the size of investment commitments generally held by the client and the opinions of the persons responsible for making investments for such account. Thus, a particular security may be bought or sold for certain clients and not for others even though it could have been bought or sold for the other clients at the same time. In some cases, a particular security may be bought for certain clients when other clients are selling that security. In certain instances, in accordance with any applicable legal requirements, a client may sell a particular security to another client. Such "cross" transactions between client accounts are only entered into when Atlanta Capital deems the transaction to be in the best interest of both clients and at a price Atlanta Capital has determined to be fair to both parties by reference to independent market indicators and which Atlanta Capital believes to constitute "best execution" for both parties. Neither Atlanta Capital nor any related party receives any compensation in connection with such cross transactions.

At other times, two or more clients may participate in an aggregated order, where they are simultaneously engaged in the purchase or sale of the same security. In such cases, Atlanta Capital will allocate the transactions among the participating clients pursuant to its trading policies and procedures as follows:

- (1) Aggregation is allowed only where consistent with a client's advisory agreement, client instructions to direct brokerage executions to specific broker dealers, with this Form ADV and applicable registration statements, as well as with the duty to execute securities transactions at advantageous prices and at competitive commission rates;
- (2) Aggregated orders will be executed only after order tickets have been received by the trading desk specifying the participating accounts and the number or percentage of shares to be allocated among the various accounts ("allocation statement");

- (3) Each client portfolio that participates in an aggregated order will generally participate at the average share price for the securities in the same aggregate transaction on a given business day, with all transaction costs shared pro rata based on each client's participation in the transaction;
- (4) If an aggregated order cannot be filled completely, allocation among orders will be made pro rata based on the allocation statement;
- (5) Atlanta Capital will receive no additional compensation or remuneration of any kind as a result of aggregating orders.

Atlanta Capital's trading desk may depart from the above procedures if, in the exercise of its reasonable judgment, it determines that such a departure is in the client's interests taken as a whole. As a result of such allocations, there may be instances when a client's account does not participate in a transaction that is allocated among other clients. In some instances, in order to satisfy client directed brokerage requests, part of an aggregated transaction may be "stepped out" to a client directed broker by the executing broker at the same execution price.

#### Trade Errors

On occasion, Atlanta Capital may make an error in executing securities transactions for a client account. For example, a security may be erroneously purchased for the account instead of sold, or a trade may be entered for an incorrect number of shares. In these situations, Atlanta Capital generally seeks to rectify the error by placing the fund or account in a similar position as it would have been if there had been no error. Depending on the circumstances, and subject to applicable legal and contractual requirements, various corrective steps may be taken, including canceling the trade, correcting an allocation, or taking the trade into Atlanta Capital's trade error account and reimbursing the client account.

#### Wrap Account Programs and MSP/Model Programs

Atlanta Capital acts as an investment manager in certain Wrap Account programs. While Atlanta Capital may have discretion to select broker-dealers other than the Wrap Account program sponsor to execute trades for program clients, trades will generally be executed through the financial institution sponsoring the Wrap Account program or a broker-dealer specified by the Client. Atlanta Capital endeavors to treat all Wrap Accounts fairly and equitably over time in the execution of client orders. Depending on such factors as the size of the order, and the type and availability of a security, orders for such programs may be executed throughout the day. When orders are placed with broker/dealers, such trades may experience sequencing delays and market impact costs, which the firm will attempt to minimize. When appropriate, trade rotation among Wrap Account programs accounts will be determined in accordance with Atlanta Capital's policy to treat all Wrap Account Client accounts fairly and equitably over time.

In addition, when acting as a sub-adviser in certain Wrap Account programs commonly called Multiple Style Portfolios ("MSP Program" or "model" programs), Atlanta Capital acts as a non-discretionary sub-adviser presenting a "model" portfolio to the MSP Program's adviser that is responsible for execution, client reporting and other aspects of MSP Program client services.

Certain model program relationships may receive Atlanta Capital model changes only after the completion of trading across all discretionary account relationships as determined and disclosed in the model program contract. Other model programs may be included in the trade rotation with institutional and Wrap Account programs, coordinated and monitored by the Atlanta Capital's institutional trading desk.

Trading in Wrap Account programs and certain MSP/model programs is coordinated by Atlanta Capital's institutional trading desk, however, as a result of the potential trading restrictions inherent in directed trading arrangements (as discussed in more detail above under the limitation on trading authority section), Wrap Account/MSP accounts may pay more or receive less for a security than non-Wrap, non-directed accounts. The inclusion of Wrap Account program and/or MSP accounts in the Atlanta Capital trade rotation may result in Atlanta Capital competing against the trading desk of a sponsoring broker-dealer when implementing buy and sell transactions. The Atlanta Capital institutional trading desk (working in conjunction with the portfolio management teams) will attempt to minimize the impact of such simultaneous trading based on its prior experience and expertise in trading particular issues and prior assessment of the trading capabilities of the various Wrap Account program or MSP program sponsor trading desks.

## Review of Accounts

The frequency and nature of the review of client accounts, and the factors that may trigger reviews can vary widely among particular accounts, depending upon the client's investment objectives and circumstances and upon the complexity, portfolio structure and size of an account. The portfolio management team for each investment product or strategy managed by Atlanta Capital is responsible for monitoring and managing all accounts within that style. At least quarterly, portfolios are reviewed by the portfolio managers and client service professionals assigned to each account for conformity to Atlanta Capital investment policies and adherence to clients' investment guidelines and restrictions. However, interim reviews of varying degrees may be triggered by numerous factors, such as significant equity price or interest rate changes; new economic forecasts; investment policy changes by Atlanta Capital; asset additions to the account by the client; and/or changes in a client's objectives, instructions or circumstances.

The titles of the portfolio managers and client service personnel involved in the review process are as follows: Managing Partner, Partner, Managing Director, Vice President and Assistant Vice President. The members of the portfolio management teams may have additional responsibilities in fundamental research, client service, or management of the firm. Client service professionals may also have responsibilities in marketing. Numbers of accounts reviewed by each portfolio management team vary depending upon the number of clients invested in each style. The number of accounts assigned to client service professionals may vary depending upon an individual's other responsibilities within Atlanta Capital or upon the complexity, size, discretion level or other circumstances of the particular accounts involved.

For Wrap Account programs, the program sponsors representative generally will review the account with the client, although the client will be able to communicate with Atlanta Capital personnel. The portfolio assistants ("PA's") assigned to the sponsor programs review each account at least monthly for conformity with our investment policy and adherence to clients' investment guidelines and restrictions. The number of accounts assigned to each PA varies upon the complexity, size, discretion level or other circumstances of the particular accounts or Wrap Account programs involved.

## Client Referrals and Other Compensation

Atlanta Capital is not provided an economic benefit for providing investment advice or other advisory services to clients by anyone who is not a client or affiliate of Atlanta Capital.

Atlanta Capital compensates certain marketing and client service employees through bonus payments which may be calculated as a percentage of any management fees generated by such accounts. These percentages are determined in advance per agreement with each employee.

Additionally, Atlanta Capital indirectly (through intercompany allocations) compensates certain employee representatives of EVD for the active marketing and support of Atlanta Capital investment products through numerous Separately Managed Account and Model/UMA programs. Such compensation may include commissions calculated as a percentage of any management fees generated or as a percentage of assets under management. In addition, Atlanta Capital compensates certain outside consultants to assist Atlanta Capital in providing client service related activities to specifically identified clients. Such consultants are compensated based on a fixed daily fee for service and are not compensated for client referrals and are prohibited from participation in client solicitation activities. Atlanta Capital does not directly or indirectly compensate any person for client referrals who is not a supervised person of Atlanta Capital or of an affiliated company.

Atlanta Capital Policy prohibits the payment of client commissions to compensate broker-dealers for the amount of actual or prospective new sales or referrals including the direction of brokerage as compensation for the sale or promotion of mutual funds for which Atlanta Capital serves as a sub-advisor.

## Custody

Atlanta Capital does not maintain, and will not accept custody or possession of any funds or securities of any Client, and client assets are generally maintained with unaffiliated qualified custodians. Atlanta Capital generally has no involvement in the process by which a client selects its custodian and no involvement in a client's negotiation of its custodial arrangements. Please see the section of this brochure entitled *Fees and Compensation* for more information about the expenses a client may incur in connection with its custodial arrangements.

Clients generally receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains custody of client assets. Clients are encouraged to carefully review such statements and to compare such official custodial records to the account statements that Atlanta Capital may provide to clients or their advisers. Atlanta Capital statements may vary occasionally from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.



## Investment Discretion

Atlanta Capital receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, such discretion is to be exercised in a manner consistent with the stated investment objectives, policies, limitations and restrictions for the particular client account. A client may, with Atlanta Capital's consent, impose limited restrictions on investments in certain securities or types of securities in its account. These limitations or restrictions are negotiated individually with each client at the time the investment advisory agreement is signed, and may be modified by the client by notifying Atlanta Capital in writing.

For registered investment companies (including EV Funds and Unaffiliated Funds), Atlanta Capital is subject to any applicable investment restrictions adopted by the Funds, as well as the ongoing oversight of each Fund's Board of Trustees or other governing body as applicable.

## Voting Client Securities

Atlanta Capital has adopted proxy voting policies and procedures (the “Policies”) with respect to the voting of proxies on behalf of all clients for which Atlanta Capital has voting responsibility. Atlanta manages its clients’ assets with the overriding goal of seeking to provide the greatest possible return to clients consistent with governing laws and the investment policies of each client. When charged with the responsibility to vote proxies on behalf of its clients, Atlanta Capital seeks to exercise its clients’ rights as shareholders of voting securities to support sound corporate governance of the companies issuing those securities with the principal aim of maintaining or enhancing the companies’ economic value. Upon client authorization, Atlanta Capital may vote proxies in accordance with individual client proxy-voting policies; such direction may be limited to specific corporate governance issues or may include a broad proxy-voting policy. Atlanta Capital may agree to vote client proxies in accordance with a third-party’s voting guidelines where such information is available to Atlanta Capital.

### Voting and Use of Proxy Voting Service

The Policies are designed to promote accountability of a company’s management to its shareholders and to align the interests of management with those shareholders. When charged with the responsibility to vote proxies on behalf of its clients, Atlanta will generally vote such proxies through an independent, unaffiliated third-party voting service (“Proxy Voting Service”) in accordance with customized policies (“Guidelines”), and with respect to proxies referred back to Atlanta Capital by the Proxy Voting Service pursuant to the Policies, in a manner that is reasonably designed to eliminate any potential conflicts of interest. The Proxy Voting Service currently is Institutional Shareholder Services; The Proxy Voting Service is responsible for coordinating with the clients’ custodians to ensure that all proxy materials received by the custodians relating to the clients’ portfolio securities are processed in a timely fashion. In addition, the Proxy Voting Service is responsible for maintaining copies of all proxy statements received by issuers and to promptly provide such materials to Atlanta Capital upon request.

The Proxy Voting Service is required to establish and maintain adequate internal controls and policies in connection with the provision of proxy voting services to Atlanta Capital, including methods to reasonably ensure that its analysis and recommendations are not influenced by a conflict of interest. The Guidelines include voting guidelines for matters relating to, among other things, the election of directors, approval of independent auditors, executive compensation, corporate structure and anti-takeover defenses. Atlanta Capital may abstain from voting from time to time where it determines that the costs associated with voting a proxy outweigh the benefits derived from exercising the right to vote. The Proxy Voting Service will refer proxies to the Proxy Administrator for instructions under circumstances where:

- (1) the application of the Guidelines is unclear
- (2) a particular proxy question is not covered by the Guidelines
- (3) the Guidelines require input from Atlanta Capital.

The Proxy Administrator solicits feedback from Atlanta Capital investment professionals and/or the Chief Compliance Officer (“CCO”) as required.

#### Proxy Voting Administrator

Atlanta Capital has appointed a Proxy Administrator to assist in the coordination of the voting of each client’s proxy in accordance with the Guidelines and the Policies. Atlanta Capital also has assigned a senior portfolio manager to assist in the review of the Proxy Voting Service’s recommendations when a proxy voting issue has been referred back to Atlanta Capital’s Proxy Administrator. These individuals in consultation with the CCO and our investment team develops Atlanta Capital’s positions on all major corporate issues, creates the Guidelines and oversees the proxy voting process.

The Proxy Administrator will maintain a record of all proxy questions that have been referred by the Proxy Voting Service, all applicable recommendations, analysis and research received and any resolution of the matter. In situations where the Proxy Voting Service refers a proxy question to the Proxy Administrator and the Proxy Administrator recommends that the client vote contrary to the Guidelines, the Proxy Administrator will consult with the Atlanta Capital Chief Compliance Officer.

#### Conflicts of Interest

Atlanta Capital will monitor situations that may result in a conflict of interest between any of its clients and Atlanta Capital or any of its affiliates by maintaining a list of significant existing and prospective corporate clients. The Proxy Administrator will report any proxy received or expected to be received from a company included on that list to the CCO and members of senior management of Atlanta Capital identified in the Policies. Such members of senior management will determine if a conflict exists. If a conflict does exist, the proxy will either be voted strictly in accordance with the Policy or Atlanta Capital will seek instruction on how to vote from the client (or its agent).

Clients may obtain a complete copy of the Policy on our web site, [www.atlcap.com](http://www.atlcap.com) or by contacting Proxy Support at (404) 876-9411. Information on how Atlanta Capital voted on proxies related to securities held in client accounts may be obtained by contacting Proxy Support at (404) 876-9411.

## **Financial Information**

Atlanta Capital does not require or solicit prepayment of investment advisory fees from its clients. Atlanta Capital currently does not know of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to its clients.

## **Requirements for State-Registered Advisers**

Atlanta Capital is not currently registered with any state securities authority.

## Privacy Notice

The relationship between Atlanta Capital Management Company, LLC (“Atlanta Capital”) and our clients is the most important asset of our firm. We strive to maintain trust and confidence in our firm, an essential aspect of which is our commitment to ensuring your financial privacy. Atlanta Capital has in effect the following policy (“Privacy Policy”) with respect to nonpublic personal information about its clients and customers:

- Only such information received from you, through application forms or otherwise, and information about your Atlanta Capital account transactions will be collected. This may include information such as name, address, social security number, tax status, account balances and transactions.
- None of such information about you (or former clients) will be disclosed to anyone except as permitted by law (which includes disclosure to employees necessary to service your account). In the normal course of servicing a client account, Atlanta Capital may share information with unaffiliated third parties that perform various required services such as custodians and broker/dealers.
- Policies and procedures (including physical, electronic and procedural safeguards) are in place that are designed to protect the confidentiality of such information.
- We reserve the right to change our Privacy Policy at any time upon proper notification to you. Clients may want to review our Privacy Policy periodically for changes by accessing the link on our homepage: [www.atlcap.com](http://www.atlcap.com).

In addition, our Privacy Policy applies only to those Atlanta Capital clients and customers who are individuals and who have a direct relationship with us. If a client’s account is held in the name of a third-party financial adviser/broker-dealer, it is likely that only such advisor’s privacy policies apply to the customer. This notice supersedes all previously issued privacy disclosures.