



### **Alexandria Capital**

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### **Capital Management Group**

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## **Firm Brochure**

(Part 2A of Form ADV)

This brochure provides information about the qualifications and business practices of Alexandria Capital, LLC. If you have any questions about the contents of this brochure, please contact us at 703-671-5959 or email us at [tlee@afainvest.com](mailto:tlee@afainvest.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about Alexandria Capital is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

May 31, 2012

[WWW.ALEXANDRIACAP.COM](http://WWW.ALEXANDRIACAP.COM)

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## **MATERIAL CHANGES**

### **Annual Update**

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

### **Material Changes Since the Last Update**

On December 31, 2011, Botree Westmount Partners, LLC acquired Capital Management Group, LLC.

Effective May 31, 2012 Botree Westmount Partners, LLC DBA Alexandria Financial Associates is now Alexandria Capital, LLC.

The Firm Brochure may be requested by contacting us at 703-671-5959 or [tlee@afainvest.com](mailto:tlee@afainvest.com). Our Firm Brochure is also available on our web site [www.alexandriacap.com](http://www.alexandriacap.com).

Additional information about the Adviser is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## ADVISORY BUSINESS

### Company Overview

Since our founding in 1987, we have dedicated our services to protecting and growing the wealth of our clients. Today, Alexandria Capital, LLC, (ACAP) remains strictly a “Fee-Only” registered investment advisor with locations in Washington DC, Alexandria, Virginia and Fort Lee, New Jersey.

With founding roots in the private wealth advisory business, the firm caters its wealth management and investment services to high and ultra-high net worth individuals, families, trusts, pension and profit sharing plans, both in the US and abroad. More recently with the addition of key principals, executives and investment professionals, the firm’s core competence has grown to include institutional portfolio management services of non-traditional investments, tax-aware investments, and income-generating option strategies to further diversify and enhance portfolio return characteristics.

The firm’s maxim is to never forget to “***place the client’s interest first in all that we do.***” We achieve this by avoiding conflict of interest and product bias (**independence**), understanding and accepting our fiduciary responsibilities (**trust**) and committing to grow our human capital and the firm’s intelligence (**competence**).

This shared commitment to deliver Independence, Trust and Competence shapes all decisions made by the firm. As such, ACAP and its employees adhere to the industry’s highest ethical and professional standards, are not affiliated with any broker dealers, insurance agencies or any other commission-driven entities. The firm’s principals and executives furnishing investment and financial advice to clients, hold designations in the financial services industry including: Chartered Financial Analyst<sup>®</sup>, CERTIFIED FINANCIAL PLANNER<sup>™</sup>, Personal Financial Specialist, and Certified Public Accountant with an average industry experience of over 20 years.

### Ownership

Alexandria Capital, LLC is owned by Botree Capital Partners, LLC (a New Jersey Limited Liability Company) and Westmount Capital, Inc. (a Delaware Corporation).

In addition, Augustine SC Hong and Charles J D’Angelo are indirect owners of Botree Westmount due to their ownership interests in Botree Capital Partners, LLC and Westmount Capital, Inc. respectively.

## Services

Alexandria Capital offers wealth management services, which include investment supervisory services, also known as investment or asset management services, financial planning, estate planning, risk analysis, tax and other advisory services depending on a client's personal needs. Our wealth management process involves defining financial and life goals and creating investment strategies best designed to help achieve the desired results based on the client's particular circumstances.

(1) The investment process begins with deciding on an investment strategy. The client's investment strategy will reflect the client's investment objectives, risk tolerance and any investment restrictions that are desired. This understanding is summarized in an "Investment Policy Statement" (IPS) and updated as needed.

ACAP usually is given the discretion and authority to manage client investment accounts. This means ACAP is authorized to perform various functions, at the client's expense, without further approval from the client. Such functions include the determination of securities to be purchased or sold, the amount of securities to be purchased or sold, the broker/dealer to be used and the commission rates to be paid. ACAP actively manages each investment account as changes in market conditions and client circumstances may require.

(2) Financial planning is primarily an analytical process designed to organize financial data, identify needs and opportunities and evaluate alternative courses of action. A financial plan may discuss current net worth, income tax issues, cash flow and budgeting strategies, specific investments and asset allocations, retirement planning, employee benefit plan analysis, estate and gift tax planning, education funding and risk management focusing on life, health and disability coverage.

The goal is to develop a strategy for the successful management of personal income, assets, and liabilities in meeting the client's financial goals and lifetime objectives. Depending on individual preferences some form of written plan may be produced as part of the wealth management process. We also offer financial planning services as a distinct product independent of our other wealth management services.

(3) This is a general description of our wealth management process. Because each individual is unique this general description does not discuss the many individual issues and factors that may be involved in our wealth management process such as tax planning, education funding, estate planning or charitable giving. Every client is advised that they should promptly notify us of all material changes in their financial situation or investment objectives.

Separately, ACAP provides services to clients on matters not involving securities and financial planning, such as, income, gift and estate tax return preparation, and

administrative services to aggregate portfolio and financial data.

Individuals responsible for managing client investments and furnishing financial advice are referred to in the SEC rules as Investment Adviser Representatives. Information about each of our Investment Adviser Representatives is available in the documents known as "Supplemental Brochures" which are Part 2B of this form.

### **Assets Under Management**

As of March 29, 2012, the total amount of client assets managed by ACAP was approximately \$333,700,000.00. Of this total amount, approximately \$333,700,000.00 was managed on a discretionary basis and \$0.00 on a non-discretionary basis.

## **FEES AND COMPENSATION**

### **Investment Management Fees**

ACAP's investment advisory fees are determined based on the size of the pool of the assets. The base annual wealth management fee schedule ranges between 1.25% to .65% of Assets Under Management ("AUM"). This fee, which is payable in advance, is based on the value of a client's accounts under management at the end of the preceding quarter.

The advance fee for new accounts (when substantial deposits may be received in several installments during the initial quarter), or for existing accounts when unusually large deposits or withdrawals occur during a quarter, may be adjusted on a pro-rata basis. Pro-rata adjustment is made on the next quarterly invoice.

The annual minimum fee is \$10,000 per year but is subject to negotiation. The minimum account size is \$1,000,000, and this minimum is also subject to negotiation.

### **Tax Preparation and Financial Planning Fees**

Alexandria Capital charges an hourly rate of \$150 to \$400 per hour for a written financial plan and time spent on preparing and filing tax returns. The anticipated required hours and rate, based on the complexity and the particulars of the case, are quoted prior to the contract being executed. ACAP will, upon client's request, continue to be available at the above rates for the implementation of the client's plan, any subsequent tax advice, evaluation, analysis function, or specific securities or investment related advice. Annual updates may also be provided upon contracting with the client.

### **Termination of Client Relationship**

Our fees are stated in the Management Agreement that each client signs. This Agreement defines our relationship with the client. It describes the services we will provide and the client's obligations to us. A new client may terminate a Management Agreement within five days of the date of acceptance without any cost to the client. After the five-day period, either party may terminate the agreement by providing written notice to the other party. The client will incur a pro rata charge for bona fide services rendered during the term of the Management Agreement. If there are any prepaid unearned fees we will promptly refund a pro rata share to the client.

### **Direct Debiting of Client Accounts**

The client may select to be directly billed for our services or to have the custodian for

the investment account deduct our fees from the investment account. The client must provide written authorization permitting ACAP to debit directly from the custodian. In addition, the account must be held by a qualified independent custodian and the qualified custodian must agree to send to the client an account statement each month. Each monthly account statement must indicate all amounts disbursed from the account including fees paid directly to ACAP. Clients are informed that it is their responsibility to verify the accuracy of the custodian statement and fee calculation. The investment account custodian will not determine whether the fee is properly calculated.

### **Mutual Fund Fees**

In addition to our Management Fee, you shall also incur, relative to all mutual fund purchases, charges imposed at the mutual fund level (e.g. management fees, other fund expenses and short term redemption fees). In addition, you will incur any transaction charges, including short-term redemption fees, imposed by the Custodian. Please note that ACAP receives none of these fees.

### **Trading and Other Cost**

Our wealth management fees are separate and distinct from transaction fees charged by broker dealers associated with the trading of securities in investment accounts. Such fees may include commissions, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

## **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Performance based fees are based on a share of capital gains on or capital appreciation of the assets in an investment account. ACAP does not charge any performance-based fees or engage in the practice known as side-by-side management.

## **TYPES OF CLIENTS**

ACAP offers personalized wealth management and investment management services to individuals, families, and their related trusts and estates. Services may extend to other entities related to the client, such as small businesses, charitable organizations including foundations and endowments, and other entities. Client relationships vary in scope and length of service.

We generally require a minimum of \$1,000,000.00, which is subject to negotiation, per household or family relationship to open and maintain individual investment



management accounts. We may waive this minimum requirement based on the facts and circumstances.

## **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **Types of Investments**

Investment advice may be offered on any investments held by a client at the start of the advisory relationship. Recommendations for new investments will typically be limited to domestic or foreign debt and equity securities, United States municipal and government securities, US registered mutual funds and exchange traded funds, real estate investment trusts (REITS), direct participation programs such as limited partnerships, private placements and options.

### **Investment Strategies**

The primary investment strategy used in client accounts is strategic asset allocation. For most clients, ACAP uses a combination of passively-managed index and exchange-traded funds as core investments, along with actively-managed funds where there are opportunities for them to add value. Portfolios are globally diversified among U.S. equities, foreign equities and high-quality fixed income investments in an effort to control risk.

ACAP may analyze, evaluate and recommend the initial and continued use of independent individuals, firms and institutions that may provide investment management services for certain of ACAP's clients. Often referred to as "Separate Account Managers" (SAMs) these organizations may serve as sub-advisors for certain clients' accounts. ACAP will provide overall direction and supervision on such SAM accounts as well as monitor performance and continued adherence to the targeted investment style.

ACAP may utilize different investment strategies, based upon the needs of the client, including long-term purchases, short-term purchases and option writing.

### **Methods of Analysis**

The main sources of securities information used by ACAP include Morningstar reports and other third-party research materials, fund prospectuses and annual reports, financial newspapers and magazines, inspections of corporate activities, corporate and bond rating services, filings with the Securities and Exchange Commission, and company press releases.

Security analysis methods used by ACAP, or by the funds or portfolio managers used by ACAP, may include charting, fundamental analysis, technical analysis, and cyclical analysis.

## **Sources of Information**

In conducting security analysis, ACAP may utilize the following sources of information: financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the U.S. Securities and Exchange Commission, other comparable sovereign agencies and company press releases.

## **Risk of Loss**

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- Interest-rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- Market Risk: The price of any security, including bonds, ETFs or mutual funds may drop in reaction to tangible and intangible events and conditions independent of the security itself. For example, political, economic and social conditions may trigger market events.
- Inflation Risk: When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power will erode at the rate of inflation.
- Currency Risk: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- Reinvestment Risk: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- Business Risk: These risks are associated with a particular industry or a particular company within an industry. For example, an oil company's profits depend on finding oil and then refining it, a lengthy process.
- Liquidity Risk: Liquidity is the ability to readily convert an investment into cash without creating a significant reduction in the price. Generally, assets are more liquid if many traders are interested in a standardized

product. For example, Treasury Bills are highly liquid, while real estate properties are not.

- Financial Risk: Excessive borrowing to finance a business' operations generates risk, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

### **Exchange Traded Notes (ETNs)**

ETNs may be used on a limited, tactical basis to gain exposure to a given asset class and/or to guard against adverse moves in a given asset class (e.g., mitigate heightened market volatility). ETNs are similar to ETFs, but they differ in structure in that they are unsecured debt issued by a bank, meaning ETNs expose the holder to the issuing bank's risk of default.

### **Exchange Traded Funds (ETFs)**

Equity-based exchange traded funds are subject to risks similar to those of stocks. If the securities tracked within an ETF decline, the value of the ETF will also decline. Fixed income-based ETFs are subject to risks similar to those of bonds such as increasing interest rates. Investment returns will fluctuate and are subject to market volatility, so that an investor's ETF shares, when redeemed or sold, may be worth more or less than their original cost.

### **Leveraged and Inverse Leveraged Exchange Traded Funds (ETFs)**

Such ETFs may be used on a limited, tactical basis to benefit from potentially favorable moves in an underlying sector or index and/or to guard against adverse moves in a given asset class (e.g., rising interest rates). Compounding risk affects all investments, but has a significant impact on leveraged and inverse leveraged ETFs. Particularly during periods of high index volatility, compounding will cause longer term results to vary from twice (or twice the inverse) the return of the index. This effect becomes more pronounced as volatility increases.

### **Options**

There are numerous risks associated with transactions in options on securities or securities indexes. A decision as to whether, when and how to use options involves the exercise of skill and judgment, and even a well-conceived transaction may be unsuccessful to some degree because of market behavior or unexpected events. As the writer of covered call options, the client forgoes, during the option's life, the opportunity to profit from increases in the market value of the underlying security or the index above the sum of the option premium received and the exercise price of

the call, but has retained the risk of loss, minus the option premium received, should the price of the underlying security decline. In the case of index options, the client incurs basis risk between the performance of the underlying portfolio and the performance of the underlying index. For example, the underlying portfolio may decline in value while the underlying index may increase in value, resulting in a loss on the call option while the underlying portfolio declines as well.

## **Options Strategies**

ACAP makes available to its clients a variety of options strategies to assist in protecting portfolios, building asset exposure and enhancing cash flow.

### **Strategy Overview**

**Protection** – PUT options on individual holdings (e.g., stocks, ETFs or a broad index) may be purchased to help offset a material downside move. Similarly, a “collar” may be employed on specific portfolio holdings. A collar involves the purchase of an out-of-the-money PUT, partially or completely financed by the sale of an out-of-the-money CALL.

**Building asset exposure** – As a limit order alternative, cash secured PUT options may be sold to generate cash flow and build asset exposure. Another strategy that may be employed to build asset exposure is the purchase of CALL options on stocks, ETFs or broad indexes.

**Cash Flow and protection** – Covered CALL selling against existing positions (e.g., stocks and ETFs) may be employed to generate cash flow and help mitigate adverse moves.

**Advanced: Tax-advantaged cash flow generation using an index option overlay** - This strategy entails the sale of an out-of-the-money index CALL option and/or an out-of-the-money index PUT option in an effort to generate monthly cash flow. Index CALL and index PUT options are purchased to provide protection against an adverse move in the underlying index.

## **Real Estate Investment Trusts (REITS)**

As with all stocks, there are market risks associated with REITs. The value of shares in publicly traded REITs can fluctuate. As investor who sells shares in a REIT could receive more, or less, than the original purchase price. Factors that can influence market risk include general level of real estate property values, which tend to rise and fall with current market conditions. As with any active business, a factor in successful performance lies with management skill. Also, Shares of REITs, especially mortgage REITs, are sensitive to changes in the general level of interest rates. Mortgage REITs respond much like bonds, generally increasing in value as

interest rates fall and decreasing in value if interest rates rise.

### **Cash Management**

Cash is invested in a money market fund or FDIC-insured deposit account at the discretion of ACAP.

## **DISCIPLINARY INFORMATION**

ACAP must disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of their services or the integrity of their management. Neither ACAP nor any of its Investment Advisory Representatives have ever been disciplined by a regulatory agency.

## **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Alexandria Capital remains strictly a “Fee-Only” advisor registered with the United States Securities and Exchange Commission.

It does not have affiliations or arrangements with a securities broker-dealer, investment company, insurance company or agency, financial planning firm, pension consultants, other investment advisor or any entity where we would be offered commission or fee.

## **CODE OF ETHICS**

Alexandria Capital has adopted a Code of Ethics for all employees. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All employees must annually acknowledge their understanding of the Code of Ethics.

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

The employees of ACAP have committed to a Code of Ethics that is designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940 (“Advisers Act”).

This Code establishes rules of conduct for all employees of ACAP. The Code is based upon the principle that ACAP and its employees owe a fiduciary duty to ACAP’s clients to conduct their affairs, including their personal securities

transactions, in such a manner as to avoid (i) serving their own personal interests ahead of clients, (ii) taking inappropriate advantage of their position with the firm and (iii) any actual or potential conflicts of interest or any abuse of their position of trust and responsibility.

ACAP's Code of Ethics is available for review by clients and prospective clients upon request.

### **Personal Trading**

ACAP's Code of Ethics requires all employees to report personal securities transactions and provide detailed summary of all holdings and securities accounts upon commencement of employment and quarterly thereafter, in which such Employees have a direct or indirect beneficial interest.

## **BROKERAGE PRACTICES**

### **Broker Selection**

Alexandria Capital generally has the authority to determine the broker dealer to be used and the commission rates paid. ACAP will generally recommend that clients utilize the brokerage and clearing services of TD Ameritrade or Charles Schwab.

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

ACAP may accept client instructions for directing the client's brokerage transactions to a particular broker-dealer. For some clients, ACAP manages assets in clients' companies' Qualified Retirement Plans, where the clients' firm designates the custodial arrangement.

In those cases where a client designates a specific broker-dealer, ACAP may not have authority to negotiate commissions, best execution may not be achieved, and there may be a disparity in commission charges between clients.

### **Best Execution**

Best execution has been defined by the SEC as the "execution of securities transactions for clients in such a manner that the client's total cost or proceeds in each transaction is the most favorable under the circumstances." In seeking best execution, the determinative factor may not be the lowest possible commission cost but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although we will seek competitive commission rates, we may not

necessarily obtain the lowest possible commission rates for account transactions.

### **Soft Dollars**

ACAP, as a matter of policy and practice, does not have any formal or informal arrangements or commitments to utilize research, research-related products and other services obtained from broker-dealers, or third parties, on a soft dollar commission basis.

### **Aggregation of Orders**

Alexandria Capital will aggregate orders with respect to a security if such aggregation is consistent with achieving best execution for the various client accounts. When orders are aggregated, each participating account receives the average share price for the transaction and bears a proportionate share of all transaction costs, based upon each account's participation in the transaction, subject to ACAP's discretion depending on factual or market conditions and the duty to achieve best execution for client accounts. Clients participating in block trading may include proprietary or related accounts. Such accounts are treated as client accounts and are neither given preferential nor inferior treatment versus other client accounts. ACAP does not receive additional compensation or remuneration of any kind because of the aggregation of client trades.

Allocations of orders among client accounts must be made in a fair and equitable manner. Generally, allocations among accounts with the same or similar investment objective are made pro rata based upon the size of the accounts. There is no allocation to an account or set of accounts based on account performance or the amount or structure of management fees. However, the following factors may justify an allocation that deviates from the general rule:

1. Specific allocations may be chosen based upon an account's existing positions in securities.
2. Specific allocations may be chosen because of the cash availability of one or more particular accounts.
3. Specific allocations may be chosen based on a partial fill of the block trade.
4. Specific allocations may be chosen for tax reasons.

## **REVIEW OF ACCOUNTS**

We monitor client accounts on a continuous and best efforts basis and conduct formal reviews with our clients as specified in the client's Management Agreement.

Factors that might suggest an account review in addition to the annual review include, but are not limited to, the following: changes in investment strategy, large deposits or withdrawals from the account and changes in the client's financial situation.

Account reviews are performed by ACAP's senior portfolio and relationship managers.

## **Reports to Clients**

ACAP will render a report to each Client on a quarterly basis, which details the Client's portfolio valuation at the end of a calendar quarter, transactions, investment gains and losses, and time weighted return performance. Clients will also receive monthly investment account statements directly from their Custodian. Clients are able to review their investment accounts at any time on their Custodian's secure website.

## **CLIENT REFERRALS AND OTHER COMPENSATION**

### **Client Referrals**

ACAP has agreements with firms and individuals, referred to as Solicitors, through which such persons are compensated for (1) referring prospects who subsequently become clients of ACAP and (2) for providing, or for being prepared to provide, certain non-investment related services as required by such clients or requested by ACAP. Solicitor's fees are negotiable but generally range between 10% and 20% of the quarterly fees paid to ACAP for investment management services. ACAP's standard investment advisory fees are not increased because of these agreements, nor is any additional charge passed along to a client in any way for the Solicitor's services.

ACAP also has agreements with online referral services, including a firm called Paladin, who maintain, circulate and make available resumes for ACAP Advisors. Alexandria Capital pays a monthly retainer (\$280 to Paladin). ACAP has in the past, and expects in the future, to initiate similar arrangements with other companies or referral sources.

Additional referrals come from current clients, estate planning attorneys, accountants, personal friends of employees and other similar sources. The firm does not compensate referring parties for these referrals.

ACAP does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.



## OTHER COMPENSATION

ACAP participates in institutional service programs with TD Ameritrade and Charles Schwab. While there is no direct link between the investment advice given and participation in the institutional program, economic benefits are received which would not be received if ACAP did not give investment advice to clients. These benefits include: receipt of duplicate client confirmations and bundled duplicate statements, access to a trading desk servicing institutional advisors exclusively, ability to have investment advisory fees deducted directly from a client's account, availability of electronic communications software and networks for order entry, account information, quotes, general business and securities information; receipt of compliance and investment publications; and access to mutual funds which may waive stated minimum initial investments or which may only be available to customer of institutional clients. ACAP may also have access to certain share classes, typically called Class I shares, that are unavailable to others because ACAP will commit to invest a specific dollar amount in the mutual fund(s) offering the Class I Shares.

In addition, broker-dealers, mutual fund sponsors and Separate Account Managers (SAMs) with whom client accounts are maintained or clients' funds are invested, often offer advisors other benefits which may not be available if the advisor were not maintaining client's accounts or placing client's investments with such persons:

- Referral of prospective clients.
- Educational conferences and seminars at no charge or reduced rates. Frequently such conferences and seminars may include cocktail receptions, meals and entertainment. Air and/or ground transportation to and from the conference and lodging may be included at no cost or at reduced rates.
- Arranging for continuing education credits for attendance at conferences and seminars or participation in online or telephonic conferences sponsored and/or organized by the broker/dealer, mutual fund sponsor or SAM. Typically, conferences or seminars are devoted to topics such as investment analysis, income or estate taxes, retirement planning, educational planning, insurance, economics, international investing etc. that helps ACAP associates meet educational requirements to maintain designations such as CPA, PFS, CFP or CFA.
- Invitations to affairs such as dinners, charity balls, sporting events and golf tournaments.
- The opportunity to participate in group discounts for investment software, portfolio management and reporting systems, computers, travel, etc. which

smaller firms may not be in a position to arrange or negotiate independently. However, similar arrangements are frequently made available by professional organizations such as the American Institute of Certified Public Accountants and the Financial Planners Association.

- Travel, lodging and meals for due diligence meetings that offer the opportunity to meet portfolio managers of mutual fund and exchange traded funds and discuss specific investments in which Capital Management Group may invest funds on behalf of clients or may be evaluating for future investments.

## **CUSTODY**

Custody of client assets will always be maintained with the independent custodian selected by the client. ACAP will not have physical custody of any client assets. ACAP is permitted to direct the Custodian to deduct fees directly from client investment accounts maintained by the Custodian. Clients are responsible for paying all fees or charges of the custodian.

Clients will receive on a monthly basis, directly from the custodian an account statement showing all holdings and transactions occurring in the client's account during the period covered by the account statement. Clients are urged to carefully review the account statement sent by the Custodian and compare them with ACAP's quarterly report.

## **INVESTMENT DISCRETION**

Alexandria Capital usually is given the discretion and authority to manage client investment accounts. This means ACAP is authorized to perform various functions, at the client's expense, without further approval from the client. Such functions include the determination of securities to be purchased or sold, the amount of securities to be purchased or sold, the broker/dealer to be used and the commission rates to be paid. Of course, our discretion must be exercised in a manner consistent with the stated investment objectives, limitations and restrictions for each investment account.

Clients authorize ACAP to give the custodian instructions by completing a document called a Limited Power of Attorney for the investment account.

## **VOTING CLIENT SECURITIES**

ACAP does not vote proxies on behalf of its clients. ACAP directs the investment

account Custodian to forward directly to the client copies of all proxies and shareholder communications relating to the client's investment assets. Each client tells the Custodian how to vote proxies. The client also makes all elections relative to any corporate action notification such as mergers, tender offers, or bankruptcy proceedings. ACAP realizes that voting requests range from routine matters to unique situations. If a client has a specific question about a voting matter the client should contact our Chief Compliance Officer for assistance.

## **FINANCIAL INFORMATION**

Alexandria Capital does not have any adverse financial conditions to disclose and we have never been the subject of a bankruptcy petition.

## **PRIVACY POLICY**

ACAP has policies and procedures to keep client information private and secure. We do not disclose any nonpublic personal information about our clients or former clients to any nonaffiliated third parties, except at the request of a client or as permitted or required by law. In the course of servicing a client's account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, and lawyers. We restrict internal access to nonpublic personal information about the client to those persons who need access to that information in order to provide services to the client and to perform administrative functions. For the full text of our Privacy Policy, please contact our Chief Compliance Officer.

## BROCHURE SUPPLEMENT (PART 2B OF FORM ADV)

### Educational and Business Standards

Alexandria Capital, LLC requires that persons providing investment advice hold an undergraduate degree and have earned an advanced degree in business and/or finance or an advanced professional designation such as CPA/PFS, CFA® or CFP®, or obtained minimum relevant work experience of 7 years.

### Professional Certifications

#### **Certified Public Accountant/Personal Financial Specialist (CPA/PFS):**

**Certified Public Accountant (CPA):** CPAs are licensed and regulated by their state boards of accountancy. While state laws and regulations vary, the education, experience and testing requirements for licensure as a CPA generally include minimum college [education](#) (typically 150 credit hours with at least a baccalaureate degree and a concentration in accounting), minimum [experience](#) levels (most states require at least one year of experience providing services that involve the use of accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills, all of which must be achieved under the supervision of or verification by a CPA), and successful passage of the Uniform CPA Examination. In order to maintain a CPA license, states generally require the completion of 40 hours of continuing professional education (CPE) each year (or 80 hours over a two year period or 120 hours over a three year period). Additionally, all American Institute of Certified Public Accountants (AICPA) members are required to follow a rigorous *Code of Professional Conduct* which requires that they act with integrity, objectivity, due care, competence, fully disclose any conflicts of interest (and obtain client consent if a conflict exists), maintain client confidentiality, disclose to the client any commission or referral fees, and serve the public interest when providing financial services. The vast majority of state boards of accountancy have adopted the AICPA's *Code of Professional Conduct* within their state accountancy laws or have created their own.

**Personal Financial Specialist (PFS):** The PFS credential demonstrates that an individual has met the minimum education, experience and testing required of a CPA in addition to a minimum level of expertise in personal financial planning. To attain the PFS credential, a candidate must hold an unrevoked CPA license, fulfill 3,000 hours of personal financial planning business experience, complete 80 hours of personal financial planning CPE credits, pass a comprehensive financial planning exam and be an active member of the AICPA. A PFS credential holder is required to adhere to AICPA's *Code of Professional Conduct*, and is encouraged to follow AICPA's *Statement on Responsibilities in Financial Planning Practice*. To maintain

their PFS credential, the recipient must complete 60 hours of financial planning CPE credits every three years. The PFS credential is administered through the [AICPA](#).

### **Chartered Financial Analyst (CFA):**

The Chartered Financial Analyst (CFA) charter is a globally respected, graduate-level investment credential established in 1962 and awarded by CFA Institute — the largest global association of investment professionals.

There are currently more than 90,000 CFA charterholders working in 134 countries. To earn the CFA charter, candidates must: 1) pass three sequential, six-hour examinations; 2) have at least four years of qualified professional investment experience; 3) join CFA Institute as members; and 4) commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct.

### **High Ethical Standards**

The CFA Institute Code of Ethics and Standards of Professional Conduct, enforced through an active professional conduct program, require CFA charterholders to:

- Place their clients' interests ahead of their own
- Maintain independence and objectivity
- Act with integrity
- Maintain and improve their professional competence
- Disclose conflicts of interest and legal matters

### **Global Recognition**

Passing the three CFA exams is a difficult feat that requires extensive study (successful candidates report spending an average of 300 hours of study per level). Earning the CFA charter demonstrates mastery of many of the advanced skills needed for investment analysis and decision making in today's quickly evolving global financial industry. As a result, employers and clients are increasingly seeking CFA charterholders—often making the charter a prerequisite for employment.

Additionally, regulatory bodies in 22 countries and territories recognize the CFA charter as a proxy for meeting certain licensing requirements, and more than 125 colleges and universities around the world have incorporated a majority of the CFA Program curriculum into their own finance courses.

### **Comprehensive and Current Knowledge**

The CFA Program curriculum provides a comprehensive framework of knowledge for investment decision making and is firmly grounded in the knowledge and skills

used every day in the investment profession. The three levels of the CFA Program test a proficiency with a wide range of fundamental and advanced investment topics, including ethical and professional standards, fixed-income and equity analysis, alternative and derivative investments, economics, financial reporting standards, portfolio management, and wealth planning.

The CFA Program curriculum is updated every year by experts from around the world to ensure that candidates learn the most relevant and practical new tools, ideas, and investment and wealth management skills to reflect the dynamic and complex nature of the profession.

To learn more about the CFA charter, visit [www.cfainstitute.org](http://www.cfainstitute.org).

### **Certified Financial Planner (CFP):**

The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”).

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 62,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board’s studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor’s Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board’s financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- Examination – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one’s ability to correctly diagnose financial planning issues and apply one’s knowledge of financial planning to real world circumstances;

- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by CFP Board's *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*. The *Standards* prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board's enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

**David P. Beatson, CFA®**

Date of Birth: March 23, 1965

Educational Background:

- University of Maryland, Bachelor of Science in Information Systems
- The Johns Hopkins University, Graduate Course-work in Investment Management

Professional Designation:

- Chartered Financial Analyst

Business Experience:

- Senior Portfolio Manager, Alexandria Capital since 2002
- Investment Representative, Deutsche Banc Alex. Brown; 1995 – 2002
- Senior Examiner, The National Association of Securities Dealers (NASD); 1990 -1995

Additional Disciplinary Information: None

Other Business Activities: None

Other Professional Activities:

- Member, CFA Institute, CFA Society of Washington, D.C.

Additional Compensation: None

Supervision:

- All employees are reviewed and monitored through the company's client record management software. All client contacts (e.g. emails, meeting notes, etc.) are documented and saved under each client record and reviewed by Theresa Lee, CCO.
- Theresa Lee, CCO  
tlee@afainvest.com  
(703)671-5959



**William G. Brennan, CPA/PFS, CFP®**

Date of birth: 11/3/1942

Educational Background:

- Widener University, Master of Science in Tax
- Lasalle University; Bachelor of Science in Accounting, Cum Laude

Professional Designation:

- Certified Public Accountant
- Personal Financial Specialist
- Certified Financial Planner™

Business Experience:

- Principal at Capital Management Group, LLC since its founding in 1994.

Additional Disciplinary Information: None

Other Business Activities: None

Other Professional Activities:

- Member, DC Estate Planning Council

Additional Compensation: None

Supervision:

- William Brennan's compliance-related activities are supervised by Theresa Lee, Chief Compliance Officer.
- Theresa Lee, CCO  
tlee@afainvest.com  
(703)671-5959

**Michael F. Byman, CFP®**

Date of birth: 2/18/1960

**Educational Background:**

- College for Financial Planning
- George Mason University; Masters in Business Administration
- University of Virginia; Bachelor of Arts in Economics

**Professional Designation:**

- Certified Financial Planner™

**Business Experience:**

- Director with Capital Management Group, LLC since 2005
- Director of Business Development at Blackboard, a software company; 2001-2005
- Various Marketing and Business Development positions at UUNET, an Internet Service Provider; 1993-1999

Additional Disciplinary Information: None

Other Business Activities: None

**Other Professional Activities:**

- Director, McLean Estate Planning Council
- Member, Northern Virginia Estate Planning Council
- Member, Financial Planning Association

Additional Compensation: None

**Supervision:**

- All employees are reviewed and monitored through the company's client record management software. All client contacts (e.g. emails, meeting notes, etc.) are documented and saved under each client record and reviewed by Theresa Lee, Chief Compliance Officer.
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tlee@afainvest.com  
(703)671-5959

## Charles J. D'Angelo

Date of birth: 11/7/1979

### Educational Background:

- Concordia University; Bachelor of Commerce (Finance)
- Dalhousie University
- Dawson College

### Professional Designation:

- Chartered Financial Analyst

### Business Experience:

- Director of Research, Alexandria Capital, LLC since 2011
- Owner/President, Westmount Markets Inc.; 2009-2011
- Owner/Managing Director; Westmount Securities, Ltd.; 2006-2008
- Vice-President of Operations, Westminster, Hope & Turnberry, LTD; 2004-2006
- Financial Analyst, Princeton Advisory Group, Inc.; 2003-2004
- Executive Assistant, Westminster, Hope & Turnberry, LTD; 2002-2003

Additional Disciplinary Information: None

### Other Business Activities:

- Director of two Cayman based Segregated Portfolio Companies

Additional Compensation: None

### Supervision:

- All employees are reviewed and monitored through the company's client record management software. All client contacts (e.g. emails, meeting notes, etc.) are documented and saved under each client record and reviewed by Theresa Lee, Chief Compliance Officer.
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tlee@afainvest.com  
(703)671-5959

**Katherine H. Fox, CFP®**

Date of birth: 6/16/1983

Educational Background:

- Florida State University
- Virginia Tech, Bachelor of Science in Finance

Professional Designation:

- Certified Financial Planner™

Business Experience:

- Analyst/Wealth Manager with Capital Management Group, LLC since 2007
- Assistant Manager; Chevy Chase Bank; 2007
- Assistant Manager, Enterprise Rent-A-Car; 2005-2007

Additional Disciplinary Information: None

Other Business Activities: None

Other Professional Activities:

- Member, Financial Planning Association

Additional Compensation: None

Supervision:

- All employees are reviewed and monitored through the company's client record management software. All client contacts (e.g. emails, meeting notes, etc.) are documented and saved under each client record and reviewed by Theresa Lee, Chief Compliance Officer.
- Theresa Lee, CCO  
tlee@afainvest.com  
(703)671-5959

## Blaine A. Fritz, CFP® CPA/PFS

Date of Birth: June 1, 1952

### Educational Background:

- University of West Florida, Bachelor of Science in Accounting

### Professional Designation:

- Certified Public Accountant
- Personal Financial Specialist
- Certified Financial Planner™

### Business Experience:

- Managing Director, Wealth Mgmt Services, Alexandria Capital, LLC since 2004
- Strategic Advisor, Vescor Consulting; 1997 – 2004
- Controller, Timber Pines Country Club Retirement Community; 1995 – 1997
- Principal, Blaine A. Fritz, P.A. CPA; 1985 - 1995

Additional Disciplinary Information: None

Other Business Activities: None

### Other Professional Activities:

- Member, American Society of Certified Public Accountants
- Member, Virginia Society of Certified Public Accounts

Additional Compensation: None

### Supervision:

- All employees are reviewed and monitored through the company's client record management software. All client contacts (e.g. emails, meeting notes, etc.) are documented and saved under each client record and reviewed by Theresa Lee, Chief Compliance Officer.
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tlee@afainvest.com  
(703)671-5959

## Augustine Hong, CEO

Date of Birth: May 27, 1965

### Educational Background:

- Binghamton University, Bachelor of Science in Management
- College of Financial Planning

### Business Experience:

- Chief Executive Officer, Alexandria Capital, LLC, from 2003 to 2007 and since 4/2011
- President, Princeton Advisory Group, Inc.; 2003 to 2005
- Managing Principal, Botree Investments, LLC; 2001 to 2011
- Chairman, ImaginAsian Entertainment Inc.; 2005 to 2009

Additional Disciplinary Information: None

Other Business Activities: None

Other Professional Activities: None

Additional Compensation: None

### Supervision:

- All employees are reviewed and monitored through the company's client record management software. All client contacts (e.g. emails, meeting notes, etc.) are documented and saved under each client record and reviewed by Theresa Lee, Chief Compliance Officer.
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tlee@afainvest.com  
(703)671-5959

**Scott S. Walker, CFA® CFP®**

Date of Birth: July 6, 1964

Educational Background:

- University of Virginia, Bachelor of Arts

Professional Designation:

- Chartered Financial Analyst
- Certified Financial Planner™

Business Experience:

- Senior Portfolio Manager, Alexandria Capital, LLC since 2000
- Manager, Operations and Trading Department, IFG Network Securities; 1992 - 2000
- Operations Manager, DeRand Pennington Bass; 1989 – 1992

Additional Disciplinary Information: None

Other Business Activities: None

Other Professional Activities:

- Member, CFA Institute, CFA Society of Washington, D.C.
- Member, National Association of Personal Financial Advisors (NAPFA)

Additional Compensation: None

Supervision:

- All employees are reviewed and monitored through the company's client record management software. All client contacts (e.g. emails, meeting notes, etc.) are documented and saved under each client record and reviewed by Theresa Lee, Chief Compliance Officer.
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