

## **Form ADV : Part 2 A & B**

As of March 14, 2011

**Part 2A: The Brochure:** This brochure discloses information about the qualifications and business practices of the investment advisory firm named below for the benefit of its clients and prospective clients. Please note that the terms “registered investment adviser” or “registered” do not imply a certain level of skill or training. If the adviser uses a wrap fee program, it is found in Appendix 1. If you have any questions about the contents of this brochure, please contact us at the contacts given below.

**Part 2B: The Brochure “Supplement** discloses information about persons providing advice.

### **2A: Brochure : Item 1 :Cover Page : for**

#### **New Century Capital Management, LLC**

["NCCM"]

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[crd # 134149 / SEC # 801-68483]

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*Please note that this brochure has not been approved by the Securities & Exchange Commission or by any state securities authority. This firm is registered with the SEC and notice filed in one or more states; **registration does not mean approval or verification by those regulators.** More information about the firm is at Investment Adviser Public Disclosure : [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

**2A: Brochure : Item 2: Material Changes :** *If we amend this disclosure brochure, we are to send you either a new copy of the brochure or at least this item 2 describing the changes made so you can decide if you want us to send you a complete, new copy. A summary of material changes is :*

\_\_\_\_\_ attached as an exhibit to or

\_\_\_\_\_ included here as part of this updated brochure

or : No summary of material changes is required because there have been no material changes to this adviser's brochure since its last annual updating amendment.

The changes made are:

In Item

In Item

**2A: Brochure : Item 3 : Table of Contents** : Information that investment advisers must provide to prospective clients initially and to existing clients annually : 18 disclosure items that describe this firm’s advisory business. and (if applicable) Appendix 1 with disclosures required for a “wrap fee” program brochure [*a specialized brochure*].

Item 1. : <u>Cover Page</u> .:            The firm’s name, its address, contact information,	Page 1, above
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### Item 4. : This advisory firm's business

4. A. New Century Capital Management, LLC (in this brochure also called "NCCM" or the "firm") is an ILLINOIS limited liability company [IRS EIN 20-2141072] that registered to do business as an investment advisory firm in January of 2005. Note : The use of the phrase "registered investment adviser" or the term "registered" do not imply a certain level of skill or training.

This ADV Part 2A and Part 2B narrative provides clients with information regarding NCCM and the qualifications, business practices, and nature of advisory services that should be considered before becoming an advisory client of NCCM.

New Century Capital Management, LLC offers investment advisory services to institutional including public and private pension funds, endowments, and foundations and qualified individual investors by using NCCM Daily Analysis Strategy. NCCM's services and fee arrangements are described in the following pages.

Please contact Jim R. Porter, Managing Member, if you have any questions about this Disclosure Brochure narrative. Additional information about NCCM is available on the internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for NCCM is 134149.

Mr. Porter is the firm's sole owner and its Managing Member, Chief Compliance Officer and advisory representative.

**Education and Business Standards:** Investment Advisory Representatives of NCCM must meet all examinations or experience requirements of the state(s) and/or jurisdiction(s) in which the individuals provides advisory services.

NCCM's normal business hours are 8:30 a.m. to 4 p.m., Monday through Friday.

4.B. **Advisory Services :** NCCM offers the following services :

- Portfolio Management for individuals, businesses and institutional clients
- Pension consulting

#### Active Management Approach

NCCM uses a quantitative strategy that is rules-based, systematic, and disciplined to manage our investor's portfolios. Mr. Porter designed the strategy to reduce the potential of human error which can fail to identify opportunities and risks, and also to remove human emotion from the decision process. The strategy has evolved from a multi-year process of integrating a number of technical and quantitative techniques that have been considered valuable tools in the industry for years. A significant, continuous focus of the firm is the ongoing research designed to enhance the strategy and to monitor its performance in changing market environments.

The firm applies its quantitative systems primarily in the position selection, risk monitoring, and portfolio management process. NCCM applies the strategy to identify portfolio candidates on a daily basis and to assist in the fine tuning of the current positions. As markets have changed, NCCM has adapted its blend of techniques and quantitative tools to investigate new opportunities in a growing range of investment products and to manage our investment models in a wide range of market conditions. Our reason for attempting to enhance our quantitative approach is to maintain high standards in a changing environment. Maintaining a low risk tolerance with a highly disciplined and unemotional approach requires a growing capability to recognize new risks and a stronger discipline to protect investments from those risks. Our

belief is that a commitment to constant research and our experience are major assets to enhancing a sound investment management strategy.

The firm uses a number of outside services to provide market data and provide computations for a variety of technical indicators and financial data which are used in our daily, weekly, monthly and quarterly analysis process and routine. The firm uses a number of applications that range from Microsoft applications to portfolio management software and graphic display systems designed to support our daily analysis strategy. Our Daily Analysis Strategy is a key element upon which our model portfolios are built and our investment services are based. Our Daily Portfolio Review is designed to maintain a close alignment between our model portfolios and our clients' holdings.

4.C. Do we tailor our advisory services to a client's individual needs and how do we do so?  
Can clients impose restrictions on investing in certain securities or types of securities?

As a fiduciary, an investment adviser is to make only those recommendations that demonstrably are in the client's own best interests, which means that they, too, must be based on an individual's stated and/ or established, individual needs, goals, risk tolerance and investment time horizon. The firm seeks to establish this personal dimension through a careful, fact-finding interview and discussions with each client.

Clients may impose reasonable restrictions on the adviser's discretion to invest in certain securities or types of securities if a client provides clear, written directions to that effect.

Clients may opt to have their account managed on a non-discretionary basis. The client allows the power of discretion to an adviser by means of a limited power of attorney, which the client may revoke at any time.

A client's ability to impose restrictions on the adviser's discretion occurs at the beginning of the process at which time a client accepts or chooses not to invest in the recommended programs. Clients may withdraw from the programs at any time as well.

4.D. Do we participate in a wrap fee program providing portfolio management services? NCCM acts as one of the managers to a wrap fee program.

(1) How does our management of the wrap fee accounts differ, if it does, from how we manage other accounts? There is no difference in how we treat the wrap fee account as compared to our other clients.

(2) Notice to clients : We do receive a portion of the wrap fee for our advisory services; the wrap fee program charges the clients' accounts held by the custodian and then pays an advisory fee to NCCM as a manager and advisor to the program. No other NCCM client is invested in this wrap fee program.

4. E. As of 12.31.2010 this firm managed assets of \$26,592,276 in a continuous and regular manner. Of that amount, approximately \$2,453,576 are in non-discretionary accounts and \$24,138,700 are in discretionary accounts.

Item 5 : Fees and Compensation. . — How our firm is compensated

5.A. A description of the range of fees.

Fees are negotiable. The firm receives :

- Fees that are a percentage of the assets under management
- Performance based fees
- Fees that are a portion of the mutual fund management fee, based on the fund's assets size

Asset Portfolio Management Fees:

NCCM charges the fee quarterly in arrears on total asset in the portfolio on the last day of the quarter. The firm assesses the fees pro rata in the event the agreement between NCCM and the client is executed at any time other than the first day of a calendar quarter. On an annualized basis, NCCM's fees, which are subject to negotiation, are based in the following tiered fee schedule:

**Institutional Fee Schedule**

	<b>Annualized Fee</b>
First \$50 million	1.00%
Next \$50 million	0.75%
Next \$100 million	0.50%
Above \$200 million	Negotiable

As NCCM is a sub-advisor to the mutual fund, by agreement NCCM will receive half of the management fee (less agreed expenses) that shareholders pay to that mutual fund.

**Non-Institutional Fee Schedule - (incentive based fee)**

All assets            1.00% Advisory Fee  
Paid quarterly in arrears Plus  
10% of net new profits incentive fee paid in arrears annually

NCCM or the clients may terminate the agreement for management services within five days of the date of acceptance without penalty to the client. After the five-day period, either party, upon 30 days written notice to the other, may terminate the agreement. NCCM will pro-rate fees will for the quarter in which the cancellation notice was given and any fees will be due and payable by the client. Refunds are not applicable as fees are payable in arrears.

5.B. . Disclosure : Does our firm bill its clients for the incurred advisory fees by :

- Sending an invoice to the client, OR Obtaining each client's signed permission to deduct the advisory fees from the client's account held by the custodian, OR
- May clients select either method of billing? Yes, clients may choose either means.

How often does the adviser assess fees (or bill clients)? NCCM bills quarterly.

NCCM does practice "direct billing" that requires us to obtain a client's written permission to deduct our fees directly from the client's account held by the custodian. [See the ADV Part 1B, Item 2. I]

5.C. . Disclosure : Other types of fees or expenses clients may pay in connection with the advisory services. Clients should be aware that opening an investment account carries with it costs beyond the advisory fee(s) NCCM charges. When placing a transaction order to buy or sell securities, advisory clients may have to pay any or all of the following charges in addition to the advisory fees charged by this firm.

- Brokerage commissions
- custodian fees
- postage charges
- processing charges
- Ticket charges
- administrative fees for investments in mutual fund fees,
- and 12b-1 fees in addition to administrative fees, and other marketing fees for mutual funds, paid to a broker dealer;

- Early surrender
- Transfer fees
- account maintenance fees charged by a broker dealer for an account, especially if inactive.

We direct clients to this brochure's Item 12 for further discussion of brokerage costs.

5.D. . Disclosure : Do clients pay fees in advance?

NO. The firm charges fees in arrears. NCCM will pro-rate all charges for the actual period during which it provided advisory services. Consequently, there is no need for any refund.

5.E. Disclosure : Does the firm or any of its supervised persons accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds? No. No advisory representative or other associate of NCCM is registered with a broker dealer. Therefore, no NCCM personnel can receive any commissions or 12(b)-1 fees.

Disclosure 5.E.1. Whenever an investment advisory firm's representatives may earn a commission, or mutual fund management 12b-1 fees, or other forms of sales charges in their capacity as the registered representatives of a broker-dealer, that arrangement creates an incentive to recommend those sales and, as a consequence, an inherent possibility for a conflict of interest. An advisor is a fiduciary who is required to make only those recommendations for a client that solely are in the client's own best interest, uninfluenced by any calculation of personal gain.

We do not normally reduce our advisory fees to offset the commissions or markups.

Disclosure 5.E.2. Clients always have the option to purchase through unaffiliated broker-dealers and their agents those investment products our firm recommends.

Disclosure 5.E.3 Does our advisory firm receive more than half its revenue from commissions and other sales-based compensation? No, our firm's only business activity, in time and in revenues, is its fee-based advisory service.

Disclosure 5.E. 4. Do we charge advisory fees in addition to commissions or markups? We do, of course, charge advisory fees. That is how most investment advisers perform business. Our investment advisory firm is not also a broker dealer and therefore does not receive commissions or markups.

Other disclosures for this section : Our firm does not recommend mutual funds to our clients. We recommend primarily ETFs (Exchange Traded Funds).

#### Item 6.:Performance-Based Fees and Side-By-Side Management.

Does our firm charge performance-based fees [fees based on a portfolio's increase in asset value] ? YES, it does. [See also: Form ADV Part 1A, Item 5. E. (6). ] The Endeavor Fund LP, in which both NCCM and Mr. Porter are investors/ partners and to which NCCM is the general partner and investment adviser, charges a performance fee.

Does our firm have a supervised person who manages an account that pays performance fees? Yes, Mr. Porter, NCCM's managing member and advisory representative, manages the Endeavor Fund LP.

NOTE : Regulators have stated that performance fees can cause incentives for an adviser to manage a portfolio with an eye to short term gains only, including investments that are more speculative or have a higher risk of loss. They may also tempt an advisor to allocate more time to them than to other clients' portfolios due to the possibility of a higher fee. As a fiduciary, an investment adviser is to provide equitable treatment to each client's managed portfolio as if it were the adviser's own portfolio - within the investment parameters agreed to with the client.

Item 7. : Types of Clients.

Typically our clients include high net worth individuals, businesses, pension and profit-sharing plans, investment companies, and charitable organizations. We are prepared to provide services to others as well.

**Conditions for Managing Accounts**

NCCM generally requires that a NCCM Daily Analysis Strategy client have a minimum of \$1,000,000 in assets. However, the minimum requirement may be waived at the discretion of NCCM if, for example, the client appears to have significant potential for additional funding.

Item 8. : Methods of Analysis, Investment Strategies and Risk of Loss.

A. An adviser must describe its methods of analysis and investment strategies used in formulating its investment advice. It must explain in detail any unusual risks.

**Caution : Investing in securities involves risk of loss.**

As noted in Item 4. A., above, New Century Capital Management, LLC offers investment advisory services to institutional including public and private pension funds, endowments, and foundations and qualified individual investors by using NCCM Daily Analysis Strategy.

In formulating advice, the adviser may apply technical analytical methods.

**Technical** – Technical Analysis is, together with fundamental analysis, one of the two major schools of stock market study. This form of value analysis focuses on patterns of **volume and price fluctuations** for a **given stock** as compared to the activity of the larger, general market(s) indicators. Securities are evaluated for purchase or sale based on an analysis of market statistics such as volume and prices over time as seen on charts, etc. that are believed to establish relational patterns that can predict future movements in the markets.

This relative comparison has little or no concern for any company's fundamental structure, production or worth. Market indicators kept in view include volume and direction of market activity, as indicators of supply and demand for securities, often using one or more established index/ indices, such as the NASDAQ, S&P 500, and the Dow Jones Industrial Average. Trends and Penetrations (e.g. of previous "highs") are another type of indicator used. The patterns discerned, often using charts for a quick grasp of the relationship of various factors, are used to predict future market moves and their effects on stocks in general and/ or on particular sectors of the market.

Problems encountered using a technical analysis : Technical analysis purports to see patterns deemed repeatable in similar market conditions. Market conditions may consist of many factors any one of which may alter the outcome of an otherwise very similar situation. No one indicator is absolutely reliable, and a multiple of indicators may just as likely complicate understanding and evaluation as much as or more than it allows deeper insight into the market's mechanics.

The understandings offered clients in explanation tend to use generic Technical Analysis, while the working concepts that are derived from those basics and modified by experience and a firm's emphasis may well be hidden in part or completely as proprietary strategy /strategies that may let one advisor or market participant outperform another.

Technical analysis assumes that all the market factors are known to and considered by all the market's participants, although, in fact, the market can act in highly partial and even apparently irrational ways. A market termed "dynamic" indicates a sense that the underlying causal relationships may be shifting.

In formulating its advice NCCM may use financial newspapers and magazines and research materials prepared by others as information sources, among others.

8. B. An advisor must explain the material risks involved in frequent trading if its strategy involves frequent trading of securities. An advisor must explain how frequent trading can affect performance.

The firm's trading strategies include holding for the long term (a year or more), short term purchases (sold within a year), trading (securities sold within 30 days), short sales, margin transactions and option writing. Margin and option trading, used in the Endeavor Fund, have time constraints. NCCM uses leveraged and inverse ETFs for hedging purposes. What may be regarded as "frequent trading" varies according to

- the client and the strategy for that client's specific account – one client may have multiple accounts that apply different strategies
- to the type of security or relative mix of securities involved
- and to the current nature of the market.

All these tactics are intended to enhance the portfolio's value and ability to meet a client's stated goals. All trades will add some costs to be deducted from a client's account and could reduce the overall return or growth in a client's account, if carefully measured against what its value would have been had the adviser not placed the transactions.

8.C. Do we recommend primarily a particular type of security? What are the material risks involved with that type of security? Are those risks unusual or significant?

We primarily recommend ETFs on all asset classes and some individual stocks . We are prepared to provide advice on most types of securities :

<u>Equity Securities</u>	Notable risks involved with this type of investment
exchange-listed securities	Market fluctuations can bring losses, lower dividends
over-the-counter securities	More susceptible to market fluctuations; higher risk
foreign issuers	Not always under US financial reporting standards; higher risk
Commercial Paper	More susceptible to market fluctuations; higher risk of default
US government securities	Returns can be low or even, rarely, negative. As hedge against equity market risk, mirror them.

Please see Item 12 for further description of our brokerage practices.

#### Item 9 :Disciplinary Information.

What facts about any legal or disciplinary event involving our firm or its personnel should you know of, because it is material to an evaluation of the integrity of our firm or its management persons?

The SEC requires that we inform you, our client, if our firm or any of our management persons has been involved in any of the events listed below in 9. A, B, and C. and, beyond those points, if there is any material fact about any legal or disciplinary event that you should know about in order to evaluate our integrity.

You may also see these same questions answered online at the investment adviser public disclosure site (IAPD), in Part 1A, Item 11.

#### **Has our firm or any of our management persons been involved in :**

9. A. A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which our firm or a management person

1. was convicted of, or pled guilty or *nolo contendere* ("no contest") to



- (a) any felony? **No, our firm has not and no one in our firm has been.**
- (b) a misdemeanor that involved investments or an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion? **No, our firm has not and no one in our firm has been.** or
- (c) a conspiracy to commit any of these offenses? **No, our firm has not and no one in our firm has been.**
2. is the named subject of a pending criminal proceeding that involves an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses? **No, our firm has not and no one in our firm has been.**
3. was found to have been involved in a violation of an investment-related statute or regulation? **No, our firm has not and no one in our firm has been.** or
4. was the subject of any order, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, our firm or a management person from engaging in any investment-related activity, or from violating any investment-related statute, rule, or order? **No, our firm has not and no one in our firm has been.**
9. B. An administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority in which our firm or a management person -
1. was found to have caused an investment-related business to lose its authorization to do business? **No, our firm has not and no one in our firm has been.** or
2. was found to have been involved in a violation of an investment-related statute or regulation and was the subject of an order by the agency or authority
- (a) denying, suspending, or revoking the authorization of your firm or a management person to act in an investment-related business? **No, our firm has not and no one in our firm has been.**
- (b) barring or suspending our firm's or a management person's association with an investment-related business? **No, our firm has not and no one in our firm has been.**
- (c) otherwise significantly limiting our firm's or a management person's investment-related activities? **No, our firm has not and no one in our firm has been.** or
- (d) imposing a civil money penalty of more than \$2,500 on our firm or a management person? **No, our firm has not and no one in our firm has been.**
9. C. A self-regulatory organization (SRO) proceeding in which our firm or a management person
1. was found to have caused an investment-related business to lose its authorization to do business? **No, our firm has not and no one in our firm has been.** or
2. was found to have been involved in a violation of the SRO's rules and was:
- (i) barred or suspended from membership or from association with other members, or was expelled from membership? **No, our firm has not and no one in our firm has been.;**
- (ii) otherwise significantly limited from investment-related activities? **No, our firm has not and no one in our firm has been.** or
- (iii) fined more than \$2,500 - **No, our firm has not and no one in our firm has been..**

Item 10 :Other Financial Industry Activities and Affiliations.

What material relationships does our firm or any of our management persons have with related financial industry participants? What material conflicts of interest may arise from these relationships and how are these conflicts addressed?

A. Have we, or has any of our management persons, registered either as a broker-dealer or as the representative of a broker-dealer? OR, Do we or any management person have such a registration pending? NO. NCCM has not.

B. Have we, or has any of our management persons, registered as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of any of these entities named here? OR, Do we or any management person have such a registration pending?

No, none of this item applies to our firm.

C. Do we have any “related person” – a person or a firm that we control or that controls us through ownership or as an officer – with whom we have a material relationship, any arrangement that may cause a conflict of interest when providing our clients with investment advice?

**Other Financial Industry Affiliations**

New Century Capital Management LLC presently manages one alternative investment fund. The Daily Analysis Strategy does not involve recommendations to purchase/sell any interests in the affiliated company's alternative investment funds. NCCM is a general partner for The Endeavour Fund LP, a partnership. Mr. Porter is a member as is NCCM, and NCCM is the adviser to the fund.

Otherwise, NCCM does not have a related firm or person who is a :

- |  |   |
|--|---|
| • Broker Dealer  | • another investment adviser/ financial planner                                       |
| • Municipal Securities Dealer                              | • a futures commission merchant, commodity pool operator or commodity trading advisor |
| • Government Securities Dealer or Broker                   | • a bank or a thrift institution  |
| • An investment company or other pooled investment vehicle | • an accountant or accounting firm  |
| • including a mutual fund,                                 | • a lawyer or a law firm  |
| • closed-end investment company                            | • an insurance company or agency  |
| • unit investment trust                                    | • a pension consultant  |
| • hedge fund   | • a real estate broker or dealer  |
| • offshore fund  | • a sponsor or syndicator of limited partnerships.                                    |

The risk for a conflict of interest in any such arrangement lies in the compensation to be received; it creates an incentive to recommend the service. NCCM does not recommend investment in the fund to any advisory client and no NCCM advisory client is invested in the fund.

An adviser's **related persons** are: (1) the adviser's officers, partners, or directors (or any person performing similar functions); (2) all persons directly or indirectly controlling, controlled by, or under common control with the adviser; (3) all of the adviser's current employees; and (4) any person providing investment advice on the adviser's behalf.

D. Do we recommend or select other investment advisers for our clients? NO. NCCM does not. *[Therefore, the following items do not apply to NCCM :*

Do we receive compensation from those other advisers for our referrals?

Do we have any other business relationships with these advisers that also could cause a conflict of interest and, if “yes,” how do we address them?]

Item 11. Code of Ethics / Advisory Persons' own trading and possible personal interest in our clients' trades.

A. As required by SEC rule 204A-1 or similar state rules our firm has adopted a Code of Ethics.

Our firm's Code of Ethics describes our policies and procedures to abide by the law's prohibition against insider trading, including our reviews of our own persons' trades, and other ethical considerations. Our clients or prospective clients can obtain a copy of our Code of Ethics by written request to our business address.

Please note that using any insider information, information that is not readily available to all participants in the securities markets (upon making a reasonable effort to obtain that information), for any person, ourselves or relatives or clients or any other person, is strictly illegal and punishable by fines and imprisonment.

**How our firm controls sensitive information:**

- Building security : The building is locked after business hours. Back door is locked and offices are locked whenever personnel leave.
- locked cabinet files
- password protected computer screens and databases
- fire prevention equipment
- office area under continual supervision.

Steps the firm has taken to prevent employees from misusing any inside positions : annually the firm informs its personnel regarding the prohibition and personnel sign an acknowledgement agreeing to abide by the prohibition.

A copy of NCCM's privacy policy notice will be provided to each client prior to, or contemporaneously with, the execution of the advisory agreement. Therefore, NCCM will deliver a copy of current privacy policy notice to its clients on an annual basis.

**Miscellaneous**

*Privacy Policies*

Protecting client privacy is very important to the firm. NCCM views protecting its clients' private information as a top priority and, pursuant to the requirements of the Gramm-Leach-Bliley Act, the firm has instituted policies and procedures to ensure that client information (for both current and former clients) is kept private and secure. Personal, non-public information collected by NCCM may include information reported by clients on applications or other forms the client provides to the firm, information about client's transactions with the firm, affiliates or others, and conversations between clients and the firm's IARs.

NCCM does not disclose any non-public personal information about its clients or former clients to any nonaffiliated third parties, except as permitted or required by law. In the course of servicing a client account, NCCM may share some information with its service providers, such as transfer agents, custodians, broker-dealers, accountants and lawyers.

NCCM restricts internal access to non-public personal information about its clients to those employees who need to know that information in order to provide products or services to the client. NCCM maintains physical and procedural safeguards that comply with federal standards to guard a client's non-public personal information and ensure its integrity and confidentiality. As emphasized above, it has always been and will always be the firm's policy never to sell information about current or former clients or their account to anyone. It is also the firm's policy not to share information unless required to process a transaction, at the request of NCCM's client, or as required by law.

11. B. [ also in Form ADV Part 1A, Item 8. (1)(2) (3) ]

Does our firm or a related person recommend to our clients, or do we buy or sell for our clients' accounts, securities in which we or a related person has a material interest?

Our firm and/ or its associates **do**

- buy or sell for the firm or for themselves securities (other than shares of mutual funds) that we also recommend to our advisory clients;
- invest or are permitted to invest in securities related to those we may recommend to clients, such as derivatives.

Our firm and its associates **do not**

- buy securities for the firm or for themselves from advisory clients (principal transactions);
- sell securities the firm or its associates own to advisory clients (principal transactions);
- in their capacity as a broker/ dealer agent, transact purchases or sales of any client's securities directly to any other person (an "agency cross transaction" that side-steps using a securities market place)
- buy or sell for the firm or for themselves shares of mutual funds that we also recommend to our advisory clients;
- recommend securities (or other investment products) to our advisory clients in which our firm or any person or other firm related to our firm has some other proprietary (ownership) or other financial interest.
- Act as an investment adviser to an investment company that we recommend to our clients.

11. C. **Personal Trading.** : investing in the same or related securities

Does our firm permit itself, its personnel, or a person related to our firm (by ownership or other forms of control) to invest in the same securities that we recommend to our clients, or in securities that are related to those securities, such as options or other derivatives?

Yes, we do allow it.

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

NCCM or individuals associated with NCCM may buy or sell - for their personal account(s) and for the Hedge Funds managed by its affiliate - investment products identical to those recommended to clients. NCCM will review buy/sell recommendations by the NCCM Daily Analysis Strategy program and will evaluate the transaction for possible conflict of interest with any transactions made by the Hedge Fund or any associated person.

It is the expressed policy of NCCM that no person employed by NCCM may purchase or sell any security the same day as a transaction(s) being recommended by the NCCM Daily Analysis Strategy, therefore preventing such employees from benefiting from transactions placed on behalf of advisory accounts.

As these situations may represent a conflict of interest, NCCM has established the following restrictions in order to ensure its fiduciary responsibilities:

- Associated persons or their immediate family members shall not buy or sell securities for their personal portfolio(s) where their decision is derived in whole or in part, by reason of the associated person's employment, unless the information is also available to the investing public upon reasonable inquiry. No associated person of NCCM shall prefer his or her own interest to that of the clients'.
- Records will be maintained of all securities bought or sold by NCCM, its associated persons, and related entities. Chief Compliance Officer (CCO) will make these records available to regulators upon their request.
- NCCM requires that all individuals must act in accordance with all applicable federal and state regulations governing registered investment advisory practices.

- Any individual not in observance of the above may be subject to termination.

It is further noted that NCCM is in, and shall continue to be in, compliance with The Insider Trading and Securities Fraud Enforcement Act of 1988. Specifically, NCCM has adopted a firm wide policy statement outlining insider-trading compliance by the firm, its associated person and other employees. This statement has been distributed to all associated persons and other employees of NCCM and it has been signed and dated by each such person. A copy of such firm wide policy is placed with each associated person and the original is maintained in a master file. Further, NCCM has adopted a written supervisory procedures statement highlighted the steps that shall be taken to implement the firm wide policy.

When our firm or its personnel buy or sell securities for their own accounts, we will always place clients' orders before our own.

We enforce these guidelines by self-discipline.

The possible conflicts of interest that arise whenever we recommend, or, in our discretion, buy or sell for you a security that we may also buy or sell for ourselves are

- using your order's market effect to benefit ourselves ("front running");
- using your order as "inside information" that would give us an unfair advantage in the markets to benefit ourselves or any other person (which is an illegal act);
- gaining a lower brokerage cost for ourselves in bunching orders, which can create an incentive to involve your account in that transaction.

Does any person in our firm participate in or have an interest in our clients' transactions? How does such a person participate or what is the interest and what conflicts of interest can that create? No. No one in the firm has a financial interest in any investment transaction the firm recommends to its clients. Examples of such interests would include an adviser recommending that clients invest in a pooled investment vehicle that the firm advises or for which the investment adviser serves as the general partner, or when an adviser with a material financial interest in a company recommends that a client buy shares of that company. No NCCM advisory client is invested in The Endeavor Fund LP.

11. D. **Personal Trading.** : investing in the same or related securities at the same time.

What specific conflicts do we have when our firm or a related person trades in the same securities at or about the *same time* as it places trades for a client's account?

Our practice is to place clients' trades first. Our internal controls designed to prevent "contemporaneous trading" are self-discipline.

"The SEC generally dislikes 'contemporaneous' trading," that is, that anyone in our firm might enter an order for her or his own account at the same time as an order in the same security for a client. Note that these restrictions are not applied to investments in mutual funds that are unaffiliated with our firm. Unaffiliated means a mutual fund that we have not ourselves created or helped establish and/ or in some way act as the fund's managers.

The SEC has stated that "an adviser's ability to place its own trades before or after client trades in the same security may affect the objectivity of the adviser's recommendations" and therefore states further that the SEC believes *disclosure of this practice* is warranted. The SEC has not in that opinion stated a specific length of time before or after. In that respect it could also be noted conversely that clients might have reservations in employing an adviser who does not invest in the same securities the adviser recommends.

Item 12 :Brokerage Practices.

12. A. Does our firm select a broker/ dealer for you? NO. NCCM does not do so.

12. A. 1. Research and other “Soft Dollar” benefits : Do we have any conflicts of interest such as receiving “soft dollars” from the broker/ dealer? NO. NCCM receives no soft dollar benefits.

Required disclosures / explanations:

- a. If an adviser uses client brokerage commissions (or markups or markdowns) to obtain research or other products or services, the adviser receives a benefit in not having to produce or purchase them itself.
- b. Any such benefit creates an incentive to select or recommend the broker-dealer that provides it; an adviser’s duty is to select a broker-dealer based on the most favorable execution services for the adviser’s clients.

[c.] Do we “pay up” to obtain soft dollar benefits (that is, do we pay more than the lowest available commission rate)? Do we make our clients pay commissions (or markup or markdowns) higher than those charged by other broker-dealers in return for “paying-up”? NO. This item does not apply to NCCM.

[d.] Do we use soft dollar products, research or other items for the benefit of all our clients or only certain clients? Do we allocate benefits proportionately to accounts as those accounts generate the soft dollars by our directing brokerage to a specific broker-dealer? NO. This item does not apply to NCCM.

[e.] The types of products, services or other benefits our firm or any of its related persons acquired in our firm’s last fiscal year due to directing our clients’ brokerage to a broker dealer are : This item does not apply to NCCM.

[f.] The procedures our firm used during its last fiscal year to direct our clients’ transactions to a particular broker-dealer in return for soft dollar benefits received were : This item does not apply to NCCM.

Clients need to understand that “soft dollars” are an enticing benefit for an adviser in so far as they provide access to research and / or other products both of use to the adviser in its business and at no expense to the adviser. Clearly, such an enticement creates an incentive to use the broker-dealer in question and may cause the adviser to use a broker that charges the adviser’s clients higher commission rates than another broker-dealer. An adviser has a duty to seek the best execution of trades for its clients, which includes considerations in addition to the commission rate, however.

Are there additional, material conflicts of interest involved in our use of directed brokerage, due to a relationship with the broker-dealer? NO. This item does not apply to NCCM.

12. A. 2. Brokerage for client referrals : Do we direct brokerage to a specific broker-dealer in return for client referrals either to our firm or to a related firm? No, we do not.

12. A. 3.

[a] Do we “routinely recommend, request or require” our clients to direct brokerage? NO. This item does not apply to NCCM. We do not recommend or direct clients to any broker dealer. Clients should know that not all advisers do require directed brokerage.

Is the broker-dealer in question an affiliate of our firm or have some other economic relationship? NO. This item does not apply to NCCM.

[b] Do we permit a client to direct brokerage to a specific broker-dealer? Yes. Our practice is to let clients choose the broker dealer. Clients should understand that their choice of broker-dealer may lead to higher brokerage costs than they might have otherwise obtained, due to higher rates or an inability to

aggregate orders and thereby reduce transaction costs.

12. B. When we place orders with a broker/ dealer for our clients, do we aggregate or “bunch” your trade order with orders for other clients? No, NCCM does not aggregate orders.

Item 13 :Review of Accounts.

13. A. Does someone in our firm review your investment account portfolio and how often? Portfolio Manager will monitor investments on a continuous basis at a minimum monthly basis. The portfolios will be reconciled monthly.

13. B. What factors might trigger a review in addition to our periodic reviews?  
Major moves in the national markets or changes in the nation’s economy, as well as any information a client makes known to us regarding changes in that client’s financial situation or goals all provide important reasons for an adviser to re-evaluate the recommendations it provides to its clients.

13. C. **Reports** What regular reports do we or others provide you?  
NCCM will send written reports to clients, other than the wrap fee program, each quarter. These reports show the quarter’s performance history, transaction history, income and expenses. Because we send you an account statement, we urge you, our client, to compare carefully that account statement with any other statement you may receive from the account’s qualified custodian. Clients will also receive a monthly statement from the custodian on a monthly basis and interim reports will be provided upon request.

Item 14 :Client Referrals and Other Compensation.

A. Does someone other than a client of our firm pay our firm or related persons, or otherwise provide some economic benefit to our firm, for the investment advice we provide to our clients? [12b-1 fees; other; sales awards or prizes]  
NO. NCCM and its associates do not receive such payments or benefits.

B. Does our firm or a firm related to us through some form of ownership pay someone, directly or indirectly, for client referrals?

**Compensation for Referrals**

Non-employee (outside) consultants, who are directly responsible for bringing in asset to NCCM, may receive compensation from NCCM. Such agreements will comply with the requirements set forth in Rule 206(4)-3 of the Investment Advisers Act of 1940, including the requirement that the relationship between the solicitor and the investment adviser be disclosed to the client at the time of the solicitation or referral. Under these arrangements, the client does not pay fees higher than the firm’s normal/typical advisory fees.

In any case, applicable state laws require these persons to become licensed either as representatives of NCCM or as an independent consultants. NCCM will request that the client acknowledge this arrangement prior to acceptance of the client’s account for advisory services.]

Item 15: Custody.

Does our firm have custody of your assets? NCCM does practice “direct billing.” The practice of “direct billing” has been defined by the SEC as a form of custody, but also as a “modern practice” that does not require annual audits. Direct billing also requires that the client receive at least quarterly statements from the account custodian, showing the advisory fee. Additionally, and as disclosed above, NCCM is the general partner and the advisor to a fund, The Endeavor Fund LP. Mr. Porter is also a partner in the fund. The LP’s operating agreement provides for an annual audit by a certified public accountant, who provides a report to the General Partner who undertakes to distribute the report to all members.

Who is/ are the qualified custodian(s) of your assets' account? As clients choose the broker dealer, the custodians are several : TradeMonster, Lightspeed, Fidelity, Schwab, Wells Fargo, and Benjamin F. Edwards, among others.

The custodian will send our clients at a minimum a quarterly account statement, monthly statements or confirmations for any month in which there was trade transaction activity in the account. NOTE : These statements should be reviewed carefully. It is not the custodian's responsibility to ascertain the accuracy of the calculation for fees subtracted from your account.

Item 16 : Investment Discretion.

A. Does our firm have discretionary authority over your assets? NCCM does exercise discretion over its clients' accounts. YES.

**Investment or Brokerage Discretion**

NCCM has discretion to buy and sell investments and quantity, but may be limited by the NCCM Daily Analysis Strategy. An executive committee will review the broker-dealers' execution services quarterly and the commission rate will generally \$0.02 per share or less unless the clients' are in wrap account program. If the order quantity is small, the set fee component's effect may increase the per share cost.

B. What limitations are there, or can you place, on our discretionary authority? Suitability parameters, as the client and the adviser establish in the initial interview, are the over-riding limitation on any discretion. The firm gains discretionary authority over a client's account only if and when that client signs a limited power of attorney stating that allowance specifically. A client may revoke that permission at any time. As disclosed earlier, clients may provide clear, written directions limiting our discretion with regard to types of securities for their accounts.

Item 17. : Voting Client Securities.— proxy voting practices

A. Does our firm have or will it accept authority to vote client securities? YES. NCCM votes clients' proxies

*DOL Interpretive Bulletin 94-2* provides a summary of proxy voting duties for ERISA plan assets. If NCCM is an advisor to ERISA plans, NCCM's compliance officer will review this Bulletin prior to the Company exercising proxy voting rights in regard to any ERISA plan assets under management. Normally, NCCM does not vote its clients' proxies. Clients will receive proxy material directly from the custodian holding the client's account. Under circumstances where NCCM receives proxy material on behalf of a client involving any security held in the client's account, NCCM will promptly forward such material to the client's attention. It is the client's responsibility to vote his/her proxy(ies). Upon client request, NCCM's representative will provide advice regarding proxy voting.

If NCCM does for some reason vote a client's proxy votes, the firm will determine how to vote proxies based on our reasonable judgment of that vote most likely to produce favorable financial results for our clients. Proxy votes generally will be cast in favor of proposals that maintain or strengthen the shared interests of shareholders and management, increase shareholder value, maintain or increase shareholder influence over the issuer's board of directors and management, and maintain or increase the rights of shareholders; proxy votes generally will be cast against proposals having the opposite effect. However, NCCM will consider both sides of each proxy issue. Consistent with the firm's paramount commitment to the financial investment goals of its clients, social considerations will not be considered absent contrary instructions by a client.

Conflicts of interest between the Company or a principal of the Company and the Company's clients in respect of a proxy issue conceivably may arise, for example, from personal or professional relationships



with a company or with the directors, candidates for director, or senior executives of a company that is the issuer of client securities.

With regard to one advisory client, a mutual fund, NCCM agrees to vote proxies using “echo voting.”

Clients who wish to direct NCCM as to how they desire the firm to vote the proxies must provide NCCM with clear, written directions. If NCCM does vote any client proxies, it could provide copies of its voting to the client. If you wish to know how we voted your investment proxies in a specific security’s questions, please write us a request stating which security or security investment proxy you want to review and we will send to you the information you seek. Upon your written request to us, we will send to you by mail or by email, as you may prefer, a copy of our policy and our procedures.

Item 18 :Financial Information.

A. Custody situations : Does our firm have custody of your funds or your securities investments? No.

- Do we require prepayment of a fee of \$1200 or more, 6 or more months in advance of services? We do not.
- Do we practice “Direct Billing” (charging our fees to your account)? We do practice “direct billing” as described above in Item 15 : “Custody”
- Do we or someone in our firm act as the trustee for an advisory client? No, we do not.

18. B. Financial difficulties : If our firm has discretionary authority over your assets [see Item 16] or custody of our clients’ securities or funds, or require or solicit prepayment of fees of \$1,200 or more (for SEC registrants, but only \$500 or more for state registrants), six or more months in advance, then we must disclose if there is any financial condition reasonable likely to impair our firm’s ability to meet its contractual commitments to its clients.

Does our firm have any financial condition that could reasonably seem likely to impair our ability to meet our contractual commitments to you, our client? This question is important, especially if an investment adviser has discretion, custody or both; if our financial condition were precarious, our clients would be exposed to increased risks that we might not manage their assets properly, according to the SEC. Prepaid fees might not be refunded if an advisory firm were to cease being able to do business due to insolvency. No, it does not. NCCM has no financial difficulties as of the time of this ADV Part 2A; the firm undertakes to inform clients if it were to have any threatening financial difficulties.

18. C. Has our firm been the subject of a bankruptcy petition during the last 10 years? No, it has not.

**Part 2B: The Brochure Supplement :** Here we provide information about advisory personnel on whom you rely for investment advice. We must provide this supervised person's supplement to you, our client initially at or before the time when *that* specific supervised person begins to provide you with advisory services.

### **Item 1. Cover Page.**

This brochure supplement provides information about Mr. James R. Porter that supplements the New Century Capital Management, LLC brochure. You should have received a copy of that brochure. Please contact Emily Viehweg if you did not receive New Century Capital Management, LLC's brochure or if you have any questions about the contents of this supplement. Additional information about Jim Porter is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**James R. Porter**  
Born 1940  
CRD # 1368042

### **Item 2. Education and Business Background**

*Formal Education:*

- B.S., University of Arkansas, Physics, 1963
- M.S., University of Iowa, Astronomy, 1966
- OPM Program, Harvard Business School, 1988

*Business Background for the Previous Five Years:*

- New Century Capital Management, LLC, Managing Member, 1/2005 to Present
- New Century Investment Research & Management, Inc, President, 3/1993 to Present
- HyperFeed Technologies, Inc., CEO, 6/1997 to 4/2004

**Item 3. Disciplinary Information.** Item 3 requires disclosure of any legal or disciplinary event that is material to a client's evaluation of the supervised person's integrity. The Commission presumes certain disciplinary events are material to such an evaluation if they occurred during the last ten years.

The Investment Adviser Public Disclosure site states, regarding Mr. Porter:

"Is this Investment Adviser Representative currently suspended with any jurisdiction? **No**"

"Are there events disclosed about this Investment Adviser Representative? **No**"

**Item 4. Other Business Activities.** Item 4 requires an adviser to describe other business activities of its supervised persons. The item specifically requires disclosure with respect to other capacities in which the supervised person participates in any investment-related business. Mr. Porter has no other business activities..

**Item 5. Additional Compensation.** This item requires that the supplement describe arrangements in which someone other than a client gives the supervised person an economic benefit (such as a sales award or other prize) for providing advisory services. Mr. Porter has no other forms of compensation from his advisory activities besides the fees described above.

**Item 6. Supervision.** This item requires an adviser to explain how the firm monitors the advice provided by the supervised person addressed in the brochure supplement. Mr. Porter is his own supervisor. He maintains on file in the firm's offices reports of his proprietary trading activities and the formulation of his recommendations for the regulator to review at will.

**Item 7. State Registration requirements** Mr. Porter maintains his registration as a representative of his firm with one or more states. E. Viehweg reviews Mr. Porter's trading activities.

**Part 2B: The Brochure Supplement :** Here we provide information about advisory personnel on whom you rely for investment advice. We must provide this supervised person's supplement to you, our client initially at or before the time when *that* specific supervised person begins to provide you with advisory services.

**Item 1. Cover Page.**

This brochure supplement provides information about Emily Viehweg that supplements the New Century Capital Management, LLC brochure. You should have received a copy of that brochure. Please contact Emily Viehweg if you did not receive New Century Capital Management, LLC's brochure or if you have any questions about the contents of this supplement.

**Emily Suikuen Viehweg**

Born 1966

CRD # 2802599

**Item 2. Educational Background and Business Experience**

*Formal Education:*

- B.S., North Central College, Accounting and Computer Science, 1989

*Business Background for the Previous Five Years:*

- New Century Capital Management, Treasurer, Director of Operations (from 10/2007)
- Keeley Asset Management Corp., Treasurer, 2/94 to 6/07
- KEELEY Small Cap Value Fund, Inc., Treasurer, 2/94 to 6/07
- KEELEY Fund Inc., Treasurer, 8/05 to 6/07
- Keeley Investment Corp., Assistant Treasurer, 2/94 to 6/07

**Item 3. Disciplinary Information.** Item 3 requires disclosure of any legal or disciplinary event that is material to a client's evaluation of the supervised person's integrity. The Commission presumes certain disciplinary events are material to such an evaluation if they occurred during the last ten years. The Investment Adviser Public Disclosure site shows no information on Ms. Viehweg. This question does not apply to her, as she is not an investment advisory representative.

**Item 4. Other Business Activities.** Item 4 requires an adviser to describe other business activities of its supervised persons. The item specifically requires disclosure with respect to other capacities in which the supervised person participates in any investment-related business. Ms. Viehweg has no other business activities. This question does not apply to her, as she is not an investment advisory representative.

The SEC requires disclosure of *other* business activities or occupations that the supervised person engages in if they involve a substantial amount of time or pay. Clients may have different expectations of an individual whose sole business is providing investment advice than of an individual who is engaged in other substantial business activities.

**Item 5. Additional Compensation.** This item requires that the supplement describe arrangements in which someone other than a client gives the supervised person an economic benefit (such as a sales award or other prize) for providing advisory services. This question does not apply to her, as she is not an investment advisory representative.

**Item 6. Supervision.** This item requires an adviser to explain how the firm monitors the advice provided by the supervised person addressed in the brochure supplement. It also requires a firm to provide the client with the name, title, and telephone number of the person responsible for supervising the advisory activities of the supervised person. Mr. Porter supervises Ms. Viehweg's activities. She agrees to maintain on file in the firm's offices reports of her proprietary trading activities for the regulator and for Mr. Porter to review at will.

**Item 7. State Registration requirements** This question does not apply to her, as she is not an investment advisory representative.

**Part 2B: The Brochure Supplement :** Here we provide information about advisory personnel on whom you rely for investment advice. We must provide this supervised person's supplement to you, our client initially at or before the time when *that* specific supervised person begins to provide you with advisory services.

### **Item 1. Cover Page.**

This brochure supplement provides information about Ms. Shannon Porter that supplements the New Century Capital Management, LLC brochure. You should have received a copy of that brochure. Please contact Emily Viehweg if you did not receive New Century Capital Management, LLC's brochure or if you have any questions about the contents of this supplement. Additional information about Ms. Porter is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

#### **Shannon Porter**

Born 1979

CRD # 5865947

### **Item 2. Educational Background and Business Experience**

#### *Formal Education:*

- B.S., Wharton School at University of Pennsylvania, Economics, 2001

#### *Business Background for the Previous Five Years:*

- New Century Capital Management, LLC Investment Advisory Representative, employed 9/2008 to present; investment advisory representative, 11/2010 to present
- Traveling, unemployed, 7/2008 to 9/2008
- NAU, Portland, OR, webfront supervisor, 7/2007 to 6/2008
- Illinois Youth Soccer, Director of programs and marketing 12/2005 to 1/2007

**Item 3. Disciplinary Information.** Item 3 requires disclosure of any legal or disciplinary event that is material to a client's evaluation of the supervised person's integrity. The Commission presumes certain disciplinary events are material to such an evaluation if they occurred during the last ten years. The Investment Adviser Public Disclosure site shows no disciplinary history events for Ms. Porter.

**Item 4. Other Business Activities.** Item 4 requires an adviser to describe other business activities of its supervised persons. The item specifically requires disclosure with respect to other capacities in which the supervised person participates in any investment-related business. Ms. Porter has no other business activities.

The SEC requires disclosure of *other* business activities or occupations that the supervised person engages in if they involve a substantial amount of time or pay. Clients may have different expectations of an individual whose sole business is providing investment advice than of an individual who is engaged in other substantial business activities.

**Item 5. Additional Compensation.** This item requires that the supplement describe arrangements in which someone other than a client gives the supervised person an economic benefit (such as a sales award or other prize) for providing advisory services. Ms. Porter receives no other forms of compensation for her advisory activities.

**Item 6. Supervision.** This item requires an adviser to explain how the firm monitors the advice provided by the supervised person addressed in the brochure supplement. It also requires a firm to provide the client with the name, title, and telephone number of the person responsible for supervising the advisory activities of the supervised person.

Ms. Viehweg reviews Ms. Porter's activities. She must submit to Mr. Porter any trades she intends to place. She agrees to maintain on file in the firm's offices reports of her proprietary trading activities for the regulator and for Mr. Porter to review at will.

**Item 7. State Registration requirements** Ms. Porter maintains her registration as an investment advisory representative of the firm with one or more states.

## Deliver a brochure to clients

An advisory firm must give a firm *brochure* to each *client* before or at the time it enters into an advisory agreement with that *client*. See SEC rule 204-3(b) and similar state rules.

Each year the IA firm must (i) deliver, within 120 days of the end of its fiscal year, to each *client* a free updated *brochure* that either includes a summary of material changes or is accompanied by a summary of material changes, or (ii) deliver to each *client* a summary of material changes that includes an offer to provide a copy of the updated *brochure* and information on how a *client* may obtain the *brochure*. See SEC rule 204-3(b) and similar state rules.

The IA firm does not have to deliver an interim amendment to *clients* unless the amendment includes information in response to Item 9 of Part 2A (disciplinary information). An interim amendment can be in the form of a document describing the material facts relating to the amended disciplinary event. See SEC rule 204-3(b) and similar state rules.

**Note:** As a fiduciary, an advisory firm has an ongoing obligation to inform its *clients* of any material information that could affect the advisory relationship. As a result, between *annual updating amendments* the firm must disclose material changes to such information to *clients* even if those changes do not trigger delivery of an interim amendment. See General Instructions for Part 2 of Form ADV, Instruction 3.

Question: May an advisor deliver its *brochure* electronically? Yes. The SEC has published interpretive guidance on delivering documents electronically, which advisors can find at <[www.sec.gov/rules/concept/33-7288.txt](http://www.sec.gov/rules/concept/33-7288.txt)>.

### Item 3 Minimum disclosure requirements

If the *supervised person* has been *involved* in one of the events noted below, the advisory firm must disclose it under this Item for ten years following the date of the event, unless (1) the event was resolved in the *supervised person's* favor, or was reversed, suspended or vacated, or (2) you have rebutted the presumption of materiality to determine that the event is not material (see Note below). For purposes of calculating this ten-year period, the "date" of an event is the date the final *order*, judgment, or decree was entered, or the date any rights of appeal from preliminary *orders*, judgments or decrees lapsed.

A. A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which the *supervised person*

1. was convicted of, or pled guilty or nolo contendere ("no contest") to (a) any *felony*; (b) a *misdemeanor* that *involved* investments or an *investment-related* business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses;
2. is the named subject of a pending criminal *proceeding* that involves an *investment-related* business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses;
3. was *found* to have been *involved* in a violation of an *investment-related* statute or regulation; or
4. was the subject of any *order*, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, the *supervised person* from engaging in any *investment-related* activity, or from violating any *investment-related* statute, rule, or *order*.

B. An administrative *proceeding* before the SEC, any other federal regulatory agency, any state regulatory agency, or any *foreign financial regulatory authority* in which the *supervised person*

1. was *found* to have caused an *investment-related* business to lose its authorization to do business; or
2. was *found* to have been *involved* in a violation of an *investment-related* statute or regulation and was the subject of an *order* by the agency or authority
  - (a) denying, suspending, or revoking the authorization of the *supervised person* to act in an *investment-related* business;
  - (b) barring or suspending the *supervised person's* association with an *investment-related* business;
  - (c) otherwise significantly limiting the *supervised person's investment-related* activities; or
  - (d) imposing a civil money penalty of more than \$2,500 on the *supervised person*.

C. A *self-regulatory organization (SRO)* *proceeding* in which the *supervised person*

1. was *found* to have caused an *investment-related* business to lose its authorization to do business; or
2. was *found* to have been *involved* in a violation of the *SRO's* rules and was: (i) barred or suspended from membership or from association with other members, or was expelled from membership; (ii) otherwise significantly limited from *investment-related* activities; or (iii) fined more than \$2,500.

D. Any other *proceeding* in which a professional attainment, designation, or license of the supervised person was revoked or suspended because of a violation of rules relating to professional conduct. If the supervised person resigned (or otherwise relinquished his attainment, designation, or license) in anticipation of such a proceeding (and the adviser knows, or should have known, of such resignation or relinquishment), disclose the event.

Note: You may, under certain circumstances, rebut the presumption that a disciplinary event is material. If an event is immaterial, you are not required to disclose it. When you review a legal or disciplinary event involving the supervised person to determine whether it is appropriate to rebut the presumption of materiality, you should consider all of the following factors: (1) the proximity of the supervised person to the advisory function; (2) the nature of the infraction that led to the disciplinary event; (3) the severity of the disciplinary sanction; and (4) the time elapsed since the date of the disciplinary event. If you conclude that the materiality presumption has been overcome, you must prepare and maintain a file memorandum of your determination in your records. See SEC rule 204-2(a)(14)(iii) and similar state rules.

Disclosure of any event for which the supervised person had ever resigned or otherwise relinquished a professional attainment, designation or license in anticipation of it being suspended or revoked (other than for suspensions or revocations for failure to pay membership dues).

To clarify, this disclosure need only be made if the adviser knew or should have known that the supervised person relinquished his or her designation or license.

Permitting advisers to hyperlink to these systems [to disciplinary information available through the FINRA BrokerCheck system as well as the IAPD system] may minimize the costs of brochure supplements by leveraging existing infrastructure established by broker-dealer and adviser regulation. To take advantage of this provision, the brochure supplement must be delivered electronically and must include: (i) a statement that the supervised person has a disciplinary history, the details of which can be found on BrokerCheck or the IAPD (as the case may be); and (ii) a hyperlink to the relevant system with a brief explanation of how the client can access the disciplinary history.