

# Atlanta Capital Group

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This Brochure provides information about the qualifications and business practices of Atlanta Capital Group. If you have any questions about the contents of this Brochure, please contact us at (404) 893-4100. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Atlanta Capital Group is a Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. This Brochure is intended, in part, to provide information which can be used to make a determination to hire or retain an Adviser.

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

## Item 2 – Material Changes

There have been no material changes since our last annual update dated March 26, 2014. We will provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Our Brochure may be requested by contacting us at (404) 893-4100 or by emailing [compliance@atlantacapitalgroup.com](mailto:compliance@atlantacapitalgroup.com). Additional information about Atlanta Capital Group is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site provides information about any persons affiliated with Atlanta Capital Group who are registered, or are required to be registered, as investment adviser representatives of Atlanta Capital Group.

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#### **Item 4 – Advisory Business**

Atlanta Capital Group (“ACG”) was established in 2009 and approved as a Registered Investment Adviser in June of 2009. David Millican, Jeffrey T. Shaver and Joseph Young are co-founders, Principals and Managing Partners with 33.33% ownership each.

For its investment advisory clients, the firm presently offers the following types of advisory services:

- I. Advisory Managed Account Solutions**
- II. Portfolio Management**
- III. Plan Sponsor and Plan Participant Services**
- IV. Business and Wealth**

The firm uses a variety of proprietary models which look to provide growth opportunity and reduce volatility. Clients may be allocated into one or more models within the Advisory Managed Account Solutions, Portfolio Management, or Business and Wealth accounts. The models include, but are not limited to, rotating assets to various asset classes based on our perception of the research and tools used along with the clients perceived risk tolerance profile. Our investment committee meets weekly to discuss current market conditions, portfolio positions and to make new investment decisions.

We start with a top down approach to identify our broad asset allocation mix using 6 broad asset classes: cash, fixed income, international equities, domestic equities, currencies and commodities. Hedgeye Risk Management research firm is used for global macro views and Dorsey Wright and Associates is used for technical and relative strength research. Hedgeye provides a global macro view of risk and opportunity in 3 different durations: short, intermediate and long. Dorsey Wright’s relative strength tools and supply and demand indicators identify the strongest broad based asset classes. After identifying the broad based asset allocation target, we use relative strength indicators to identify the strongest market style and business sectors within each asset class. After identifying the stock, mutual fund or exchange traded fund (ETF) to buy, we use point and figure trend charts and overbought/oversold indicators to look for entry points.

Morningstar and Dorsey Wright are used to assist in our mutual fund selections. Mutual fund investments made in a model portfolio are generally considered to be long term investments. For selection of ETFs, we use Dorsey Wright’s relative strength tools and guided models to help make our decisions. ETFs may be traded with a short, intermediate or long term outlook.

#### **I. ADVISORY MANAGED ACCOUNT SOLUTIONS**

ACG and their advisors may manage your accounts through various account structures available through a platform accessible through Triad Advisors. For these accounts, National Financial Services, LLC (“NFS”) provides custody, transaction and banking services through Triad Advisors.

See Item 10 for more information about Triad Advisors, a FINRA registered broker-dealer. Most accounts are managed on a discretionary basis, meaning that your advisor has discretion over what securities to buy and sell. However, you may have your account managed on a non-discretionary basis, meaning that you must consent to each trade in the account. This trading discretion and any limitations on it will be set forth in your client agreement. The services provided are the same regardless of the account structure selected. In each account structure, your advisor may manage and provide advice on mutual funds, stocks, bonds, exchange traded funds (ETFs), LPs, and options. All of the account

structures give your advisor the ability to customize asset allocation, investment selection, and investment strategies to meet your financial situation and investment goals.

Advisory Managed Account Solution accounts may be offered as a wrap fee or a non-wrap fee. Although the services provided are generally the same under each structure, the pricing of each one is structured differently. The available account structures include *Pinnacle*, a wrap program under which the client pays a single fee that covers your advisor's advice and the execution of transactions through Triad as broker-dealer. More information regarding the services and fees of the Pinnacle accounts are separately disclosed in the Wrap Fee Brochure, which is available upon request. Triad also offers the *Summit* account. Under this account structure, you pay an advisory fee plus additional charges in connection with each transaction. ACG typically manages accounts in the wrap programs differently than the accounts that pay transaction fees because of the different nature of the services provided.

Several factors may influence the selection of the account structure, including but not limited to:

- the client's preference for a —wrap vs. transaction charges per trade on certain or all securities
- account size
- anticipated trading frequency
- anticipated securities to be traded
- management style
- long term investment goals

Advisory services are tailored to the individual needs of each client. Your advisor will assist you in connection with establishing and monitoring of investment objectives, risk tolerance, asset allocation goals and time horizon. You have the opportunity to place reasonable restrictions or constraints on the way your accounts are managed; however, such restrictions may cause your advisor to deviate from a strategy or recommendations that your advisor would have made if such restrictions or constraints were not in place. Thus, the account's performance may be lower than it otherwise would have been.

The services that ACG provides under some or all of these investment options may be available from other providers for lesser fees. In addition, you may buy securities (e.g., mutual funds, exchange-traded funds, etc.) outside of our investment programs without incurring fees through our program.

## **II. Portfolio Management**

Portfolio Management is based on the individual objectives of each specific client portfolio and may or may not represent the overall objectives of the clients' total investment assets. ACG recommends and employs various investment strategies. Portfolio Management accounts are designed to provide discretionary management by an Investment Advisor Representative of the firm. ACG assists each Portfolio Management account client in formulating investment objectives and manages the account within established guidelines regarding, among other matters, diversification and designation of securities that may be purchased.

Portfolio Management accounts may be custodied at Charles Schwab & Co. ("Schwab") or Fidelity Institutional Wealth Services ("FIWS"). For these accounts, each client portfolio is tailored to their particular investment needs and circumstances. This includes discretionary investment management in accounts based on the client's investment needs and a risk strategy (from conservative to aggressive),

which is selected in conjunction with the client and incorporated into the account agreement. The available risk strategies correlate to asset allocation models developed by ACG based on target allocations for various asset classes and sub-classes. ACG selects investments in the client's account that are consistent with the selected risk strategy and that pass a series of quantitative and qualitative filters. Separate Accounts are periodically rebalanced toward their asset allocation targets.

Under the terms of the agreement with the Client, the Adviser may:

- Determine the investor's risk profile, investment objectives and time horizon.
- Set a relevant asset allocation policy for the investor.
- Diversify among asset classes and styles.
- Rebalance the investor portfolio as deemed necessary by Adviser.
- Report and review investment results from time to time. Reviews may include client's performance in light of identified needs and objectives. They will be conducted on a continuous or periodic basis, as agreed upon by the client and in the Agreement with the client.
- Recommend changes in the Client's investments, investment strategy or objectives. Recommendations may be given in connection with the review of the Client's current investments or the Client's financial needs or objectives as identified by the Client.
- Report the current status of client holdings on a periodic basis, as agreed upon in the Adviser's Agreement with the Client.

### **III. Plan Sponsor and Plan Participant Services**

ACG provides investment consulting services to retirement plans for the benefit of its participants and their beneficiaries (collectively the "Participants"). The services provided by ACG are set forth in the agreement with the plan sponsor and may include: coordination and participant enrollment; investment monitoring and review services; and individual participant services.

### **IV. Business and Wealth**

Upon specific requests by the client, ACG may provide either financial consulting to meet the client's needs and investment objectives as described by the client. During meetings with the client the investment philosophy, risk tolerance and investment objectives are discussed. Depending upon the scope of the engagement and specific requests by the client, ACG may provide a written plan which reviews client's current situation and recommends an investment strategy consistent with the client's stated financial and personal goals. Business and Wealth clients paying a fixed fee will be custodied through Fidelity Institutional Wealth Services ("FIWS").

Services may include a written financial plan; quarterly account reviews; investment policy statement; development of asset allocation guidelines and strategies; and/or income tax filing services. Your Advisor may charge a fixed fee per quarter to be determined based upon the specifics of the project. ACG encourages you to use the services of an estate attorney and does not render legal advice.

As of March 24, 2015, ACG held \$758.7 million in assets under management on a discretionary basis and \$351 million on a non-discretionary basis.

### **Item 5 – Fees and Compensation**

The specific manner in which fees are charged by ACG is established in a client's written agreement. Fees are based on the assets in the account per the fee schedule and in some instances, may be negotiated. The Management Fee compensates our Investment Adviser Representative or your

Registered Investment Advisor for the asset management services, investment advice and recommendations provided. The value of the assets will be based on information provided by the custodian of the assets, the client or other third party, as applicable. Clients generally instruct ACG to debit the fee from one of the client's accounts.

For its investment advisory clients, the firm presently offers the following types of advisory services:

- I. Advisory Managed Account Solutions**
- II. Portfolio Management**
- III. Plan Sponsor and Plan Participant Services**
- IV. Business and Wealth**

#### **I. ADVISORY MANAGED ACCOUNT SOLUTIONS – Summit Account**

The Summit account is potentially suitable for accounts in which the Investment Adviser Representative anticipates primarily investing in mutual funds, and/or for clients that do not wish to pay transaction charges for mutual fund trades. Summit accounts are custodied with NFS.

The basic asset based fee schedule for the Summit Account is as follows:

Portfolio Value	Annual Fee
50,000 - \$250,000	2.75%
\$250,001 - \$500,000	2.25%
\$500,001 - \$1,000,000	1.75%
\$1,000,001 +	1.50%

In addition to the advisory fee, accounts may be assessed transaction charges for trades other than mutual fund trades. Your Advisor may buy or sell mutual funds without transaction charges for those trades. When appropriate, your Advisor may recommend the purchase or sale of non-mutual fund securities. The account will be charged transaction charges in connection with these trades. These transaction charges may be higher or lower than transaction charges or commissions you may pay at other broker-dealers.

For the majority of accounts, fees are payable quarterly or monthly in advance and automatically deducted from the account pursuant to the advisory agreement and not billed separately to you. Clients have the option of choosing monthly or quarterly billing for the majority of accounts; this election will be made on the applicable fee agreement. Refund of fees that are paid in advance will be prorated to the date of termination, and any unearned portion will be refunded back to you.

The client may terminate their account. If the account is closed during the first quarter, the termination fee will be \$25 multiplied by the number of transactions in the account. If the account is closed during the second quarter, the termination fee will be \$20 multiplied by the number of transactions in the account. If the account is closed during the third quarter, the termination fee will be \$15 multiplied by the number of transactions in the account. If the account is closed in the fourth quarter, the termination fee will be \$10 multiplied by the number of transactions in the account. A termination fee will not be charged if no services were rendered or no trades were placed, or if the account is terminated within 5 business days of account opening. Detailed information on the termination terms and fees can be found in the applicable advisory agreement.

## II. Portfolio Management

Portfolio Management accounts are custodied at Schwab or Fidelity and may use a third party money manager. Portfolio Management accounts will be charged a negotiable rate based on the fee schedule below:

Account Balances	Annual Fee
\$0 - \$500,000	1.85%
\$500,001 - \$1,000,000	1.65%
\$1,000,001 - \$2,000,000	1.50%
\$2,000,001 - \$4,999,999	1.35%
\$5,000,000 +	1.00%

Fees are charged quarterly and are based on the value of the account on the last business day of the calendar quarter. The account value is calculated as the market value of all long and short securities positions in the account and will not be reduced by any margin or other indebtedness of the client with respect to such securities or other investments. If ACG is assessed a transactions fee, such fee will be passed on to you at cost.

All advisory contracts will specify how fees are to be billed. Generally, fees are either paid in advance or in arrears of service.

**If paid in advance**, the initial fee payment is due in full on the date the client's account is accepted and opened by the firm and will be based on the asset value of the account on that date.

**If paid in arrears**, the fee payment is due following the 1st calendar quarter. The period for which such payment will be made will run from the opening date through the last day of the full calendar quarter and will be prorated. Thereafter, the quarterly fee is based on the account asset value on the last day of the respective calendar quarter.

Fees will not be adjusted or pro-rated for additions to or withdrawals from the account during the calendar quarter. Client will maintain or deposit sufficient funds in the account to cover payment of all fees authorized by the contract, and the firm, clearing firm, and/or custodian will debit the account balances or redeem money market fund shares in the amount equal to the fee that is due. If there are not funds to cover the fees, then ACG may liquidate assets to cover fees.

For Separate Accounts, ACG does not normally consider its management fee to be negotiable, although ACG reserves the right in its discretion, based on factors that are deemed to be relevant, to agree to a management fee for any particular client that varies from the fee set forth in the table above and which may be lower or higher than fees charged to another client with a similar sized account. Relevant factors that may lead to a variation in fees include, for example, the size and scope of the client's overall relationship and the fees that the client's account was charged at another firm prior to transferring to ACG.

Clients in a separately managed account will pay additional fees which are outlined in each respective manager's Part 2A Brochure and Advisory Contract. The firm will be paid an on-going fee based upon a percentage of each client's assets under management with respect to each manager. Each client will

receive a copy of such an advisory agreement which will disclose the fee. ACG has a potential conflict of interest in that its advisors could be motivated to recommend management styles and managers that would result in higher fees to the advisor and/or the firm. We will make all recommendations independent of such fee consideration. Your Advisor's recommendations will be based solely on its obligation to consider first and foremost a client's objectives and needs.

A client may terminate his relationship in accordance with the respective managers' disclosure documents. Pre-paid fees will be refunded in accordance with the respective manager's agreement and disclosure documents.

### **III. Plan Sponsor and Plan Participant Services**

In exchange for the services provided to plan sponsors and participants, ACG will charge an annual fee of up to 0.75% based on the value of the Plan assets. The fee is paid at the end of each month or each quarter in arrears. Plan Sponsors may terminate their agreements at any time upon thirty days' written notice. If the Plan Sponsor services are terminated during any period except on the last business day of a quarterly period, the fee will be assessed pro rata based on the number of days that services were provided. If the fee is to be paid out of Plan assets, the Plan Sponsor generally authorizes the Plan record keeper to calculate and instruct the custodian to deduct the fee from the Plan assets and pay it to ACG; otherwise ACG will send the Plan Sponsor an invoice and payment of which is generally due in full within ten business days.

The fees paid for plan sponsor and participant services described above cover only the services provided by ACG under the agreement with the Plan Sponsor. The Plan Sponsor and/or participants will also pay separate fees for custody, third party administrative services, and for trustee or other third party services. In addition, each mutual fund or exchange-traded fund (ETF ) in which a client may invest also bears its own investment advisory fees and other expenses. Fund transactions may also be subject to applicable commissions and/or transaction charged by the platform chosen by the Plan Sponsors.

The value of the assets will be based on information provided by the third party administrator of the plan or the plan's custodian. ACG does not independently verify this information nor does ACG guarantee the accuracy or validity of such information. The third party administrator will generally calculate the fee owed to ACG and debit the applicable plan accounts.

### **IV. Business and Wealth**

Unlike other programs, where fees are based on the value of the assets in the account, Business and Wealth clients are charged a fixed rate. Depending upon the scope of the engagement and specific requests by the client, the firm may charge on an hourly rate of \$175-\$350 per hour. The actual fee is established after the initial concept or fact finding meeting. The quarterly retainer fee is due at the time of the engagement and at the beginning of each 3 month period thereafter.

This program will allow for a strategic action plan to be developed and implemented as well as address the specific areas requested or identified by the client. There is no contract required and the client may terminate the relationship at any time. Should a client be dissatisfied with the services rendered, ACG may refund part or all of the fees paid, at management's sole discretion.

### **GENERAL FEE INFORMATION**



The transaction charges have been established to compensate our firm for its services and reimburse us for expenses in executing transactions in the accounts. The advisory fees are typically higher for accounts that pay lower transaction charges because the combination of charges compensates Triad for the combination of services it provides in the program. The transaction charges are negotiated with our custodian and may be higher than transaction charges or commissions that you might pay if the transactions were executed at another broker-dealer. Triad and the custodian each receive a portion of the transaction fees paid by clients. Although transaction charges may be identified as commissions on trade confirmations, the Investment Adviser Representative does not receive any portion of these charges.

The advisory fees and transaction charges do not cover charges imposed by third-parties for investments held in the account, such as contingent deferred sales charges or 12(b)-1 trails on mutual funds. In addition, each mutual fund or third party money manager charges asset management fees, which are in addition to the advisory fees charged by our firm. The fees charged by such funds or managers are disclosed in each fund's prospectus or Manager's ADV Part 2A. Accounts may require a minimum advisory fee or quarterly maintenance fee that will be detailed in the applicable advisory agreement. The Management Fee also does not cover fees and charges in connection with: debit balances; margin interest; odd-lot differentials; IRA fees; transfer taxes; exchange fees; wire transfers; extensions; non-sufficient funds; mailgrams; legal transfers; bank wires; postage; costs associated with exchanging foreign currencies; and SEC fees or other fees or taxes required by law.

Our Investment Adviser Representatives may trade on margin for client's accounts, which could result in a high portfolio turnover ratio and higher transaction charges in accounts with such charges. Additionally, the use of margin may also result in interest charges as well as all other fees and expenses associated with the security or account involved.

ACG may receive distribution or service (trail ) fees from the sale of certain mutual funds (including money market funds) pursuant to a 12(b)-1 distribution plan or other such plan as compensation for distribution or administrative services and are distributed from the fund's total assets. These fee arrangements will be disclosed upon request of a client and are available in the applicable fund's prospectus. In addition, ACG receives compensation in connection with cash held in the account. In addition to the advisory fee, ACG receives additional compensation from the custodian based on the value of credit balances in the accounts. If cash is swept into a money market fund, ACG receives compensation based on the value of assets in these funds as broker-dealer. Thus, ACG has an incentive to recommend that client select a money market fund as a sweep vehicle that pays more compensation to ACG than other funds.

Clients may purchase securities through broker-dealers in initial public offerings, secondary offerings and special purpose acquisition company transactions. ACG may act as a member of the selling syndicate for such offerings, and as such, will receive compensation equal to a portion of the gross spread (the difference between the price the client pays for the security and the price at which it purchased the securities). The advisory fee is not reduced to offset this compensation. The amount of the gross spread is described in the relevant prospectus, offering circular or official statement.

Most ACG Investment Adviser Representatives are also registered broker-dealer representatives of Triad Advisors. Triad may share a portion of payments received from a mutual fund or in connection with an

initial public offering, a secondary offering, and/or a private placement with these advisor representatives. These financial consultants may also receive compensation, such as 12(b)-1 or services fees, in connection with the sale of funds. ACG Advisors also receive a portion of the compensation that ACG receives as a member of a selling syndicate. Thus, ACG Advisors have an incentive to recommend certain mutual funds and to recommend purchases of sales in certain offerings because the Advisor will receive more compensation in connection with these securities than in connection with other types of securities. Such fees are described in mutual fund prospectuses.

Although ACG believes its fees are reasonable in light of the services provided, clients should be aware that such fees may be more or less than the fees and commissions associated with investment advisory and brokerage services purchased separately. The comparison is dependent upon a number of factors, including the frequency of brokerage activity in the client's account, the size of the account under management, and any negotiated fee arrangements with respect to the account. An investor should consider these factors prior to opening an Advisory Account with ACG. Transaction fees charged may be higher than those otherwise available if the services were provided separately for a discrete fee or if an Investment Advisor were to select brokerage and negotiate commissions in the absence of the extra consulting service provided. Clients should consider the value of the additional consulting services when making such comparisons. The combination of custodial, consulting, and brokerage services may not be available separately or may require multiple accounts, documentation, and fees. All fees described herein may be subject to negotiation depending on a range of factors including, but not limited to, account size and overall range of services requested.

#### **ACCOUNT TERMINATION**

The client and/or the firm may initiate termination of the contract at any time by sending written notice to the contra party and will be accepted the day that it is received by the contra party. Client and/or the firm may initiate termination of the contract at any time by sending written notice to the contra party and will be accepted the day that it is received by the contra party. A termination fee may apply if the account is terminated within the first year of the advisory contract; however, a full refund will be provided without penalty if the client terminates the contract within 5 business days of signing with the firm. For the purposes of this provision, a contract is considered entered into when all parties to the contract have signed the contract, or in the case of an oral contract otherwise signified their acceptance, any other provisions of this contract notwithstanding.

If you instruct ACG to terminate your advisory contract and liquidate your account, we will proceed with liquidation of your account in an orderly and efficient manner. There will not be a charge by us for such redemption; however, you should be aware that certain mutual funds impose redemption fees as stated in each company's fund prospectus in certain circumstances. Clients must keep in mind that the decision to liquidate security issues or mutual funds may result in tax consequences that should be discussed with the client's tax advisor. Factors that may affect the orderly and efficient manner would be size and types of issues, liquidity of the markets, and market makers' abilities. Should the necessary securities' markets be unavailable and trading suspended, efforts to trade will be done as soon as possible following their reopening. Due to the administrative processing time needed to terminate client's investment advisory service and communicate the instructions to client's Investment Advisor, termination orders received from clients are not market orders; it may take several business days under normal market conditions to process the client's request. During this time, the client's account is subject to market risk. ACG and its agent are not responsible for market fluctuations of the client's

account from time of written notice until complete liquidation. All efforts will be made to process the termination in an efficient and timely manner.

#### **Item 6 – Performance-Based Fees and Side-By-Side Management**

ACG does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

#### **Item 7 – Types of Clients**

ACG provides portfolio management services to individuals, corporations and business entities, pension and profit-sharing plans, charitable institutions, foundations, endowments, estates and trusts. The minimum account size is \$50,000. ACG has the discretion to waive the account minimum. For any third manager programs, minimums may vary by manager and such information is disclosed in each respective brochure.

#### **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

Our investment strategy begins with an understanding of a client's financial goals. Advisors use demographic and financial information provided by the client to assess the client's risk profile and investment objectives in determining an appropriate plan for the client's assets. Investment strategies ordinarily include long- or short-term purchases of stock portfolios, mutual funds and fixed income securities.

Investment recommendations are based on an analysis of the client's individual needs, and are drawn from research and analysis. Security analysis methods may include the following:

- Fundamental analysis: We attempt to measure the intrinsic value of a security by looking at economic and financial factors to determine if the company is underpriced or overpriced. Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.
- Technical analysis and charting: We attempt to determine the trend of a security by studying past market data, including price and volume. This presents a potential risk, as the price of a security can change directions at anytime and past performance is not a guarantee of future performance.
- Cyclical analysis: We attempt to identify the industry cycle of a company to determine whether the company is in a market introduction phase, growth phase or maturity phase. Generally projected revenues, growth potential and business risk may fluctuate based on the company's cycle stage.

Information for this analysis may be drawn from financial newspapers and magazines, research materials prepared by others, annual reports, corporate filings, prospectuses, company press releases and corporate ratings services.

It is important to note that investing in securities involves certain risks that clients should be prepared to bear. Though the goal of the firm is to find quality investments and proper allocation strategies, there is no guarantee that the goal will be met, and/or that the value of investor portfolios may not decline in value during any given time period. For any risks associated with Investment Company products, please refer to the prospectuses for additional details about these risks. Our investment approach constantly keeps the risk of loss in mind. These risks include, but are not limited to:

- **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 a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. 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 is eroding at the rate of inflation.
- **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, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. 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 increases the risk of profitability, 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.

#### **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of ACG or the integrity of ACG's management. ACG has no information applicable to this Item.

#### **Item 10 – Other Financial Industry Activities and Affiliations**

Certain ACG personnel are also registered representatives of Triad Advisors, a registered broker-dealer. In that capacity, they may be paid commissions, brokerage fees, 12b-1 fees or other fees or payments for their brokerage clients, which may include clients who are also clients of ACG. These arrangements pose a conflict of interest for those individuals to the extent they have a financial incentive to recommend such sales or other transactions to the client.

Clients may purchase securities through broker-dealers in initial public offerings, secondary offerings and special purpose acquisition company transactions. ACG may act as a member of the selling syndicate for such offerings, and as such, will receive compensation equal to a portion of the gross spread (the difference between the price the client pays for the security and the price at which it purchased the securities). The advisory fee is not reduced to offset this compensation. The amount of the gross spread is described in the relevant prospectus, offering circular or official statement.

Most ACG Investment Adviser Representatives are registered broker-dealer representatives of Triad Advisors. As a member of the selling syndicate ACG Advisors may receive compensation from the sale of an initial public offering (IPO). Such compensation will not offset advisory fees. This may pose a conflict

of interest for those individuals as they have a financial incentive to recommend IPO purchases. However, ACG and its personnel are constrained by fiduciary principles to act in the client's best interest and will only recommend IPO's when they are believed to be suitable.

Certain Advisors are separately licensed as insurance agents/brokers for various independent insurance companies. These individuals may spend as much as 5% of their time with these aforementioned non-advisory activities. In their capacities as registered representatives or as independent insurance agents, clients will be charged separately from their advisory services. ACG clients are not obligated to purchase any recommended insurance products.

ACG may require that clients establish brokerage accounts with National Financial Services, LLC ("NFS"), Fidelity Institutional Wealth Services ("FIWS"), or Charles Schwab & Co. ("Schwab") to maintain custody of clients' assets and to effect trades for their accounts. Although ACG may recommend that clients establish accounts at NFS, FIWS or Schwab, it is the client's decision. ACG is independently owned and operated and not affiliated with NFS, FIWS, Schwab or any other broker-dealer.

Item 12 includes additional details regarding brokerage practices and related disclosures.

#### **Item 11 – Code of Ethics**

ACG has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, 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 supervised persons at ACG must acknowledge the terms of the Code of Ethics annually, or as amended.

Advisors of ACG may buy or sell securities that are recommended to clients. ACG's employees and persons associated with ACG are required to follow the Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of ACG and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for ACG's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of ACG will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interest of ACG's clients. In addition, the Code restricts trading in close proximity to client trading activity. When practical, employee trades may be aggregated with client trades. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client. Employee trading is continually monitored under the Code of Ethics to reasonably prevent conflicts of interest between ACG and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with ACG's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. ACG will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in

the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the order.

You may request a copy of the firm's Code of Ethics by contacting the Compliance Department at our main number.

#### **Item 12 – Brokerage Practices**

For ACG client accounts maintained in its custody, the custodian holding your account does not generally charge separately for custody services. They are compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed. The custodians make products and services available to ACG that benefit ACG but may not directly benefit its clients' accounts. Many of these products and services are used to service all or a substantial number of ACG accounts. Some of these products and services provided includes software and other technology that (i) provides access to client account data (such as trade confirmations and account statements); (ii) facilitates trade execution and allocates aggregated trade orders for multiple client accounts; (iii) provides research, pricing and other market data; (iv) facilitates payment of ACG fees from its clients' accounts; and (v) assists with back-office functions, recordkeeping and client reporting.

Most ACG Advisors are also registered representatives of Triad Advisors, LLC and may recommend Triad for broker-dealer services. Factors for such recommendation would be when transaction compensation is seen as a benefit to the client. For broker-dealer services, ACG or its associated persons may receive compensation, which is separate and distinct from compensation related to its investment advisory services. Commissions paid to ACG advisors for broker-dealer services may be higher or lower than those paid by other brokers.

ACG may not recommend broker-dealers for client transactions in connection with third-party money managers or plan sponsor and plan participant services.

When client accounts are held at Fidelity, the commissions paid by ACG's clients comply with ACG's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where ACG determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a *Financial Institution's* services and the fees for those services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. ACG seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist ACG in its investment decision-making process. Such research generally will be used to service all of ACG's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because ACG does not have to produce or pay for the products or services. The products received qualify as "brokerage or research services" under Section 28(e) of the Securities Exchange Act of 1934 ("Exchange Act").

You and our other clients can benefit when we aggregate trades to obtain volume discounts on execution costs. Trade aggregation refers to the practice of combining orders for execution. When consistent with our duty to obtain best execution, we will aggregate multiple client transactions into a single order in order to obtain the best price for our clients.

#### **Item 13 – Review of Accounts**

Account reviews are conducted by your Advisor at least annually. Factors that are considered during such reviews include, but are not limited to the following: investment objectives, targeted allocation, current allocation, suitability, performance, monthly distributions, concentrated positions, diversification, and outside holdings. Examples of situations that may impact your account include the following: performance that is not in line with the client's "downside risk tolerance," change in investment objective, the client makes a significant addition of capital or withdrawal of capital from the account, rebalancing of the portfolio if current allocation and targeted allocation are not consistent, concentrated position that could lead to volatility, etc.

You agree to inform us in writing of any material changes to your financial circumstances that might affect the manner in which your assets should be invested. You may contact us during normal business hours to consult with your Advisor concerning the management of your account(s).

Item 15 contains information regarding the custody reports provided to you.

#### **Item 14 – Client Referrals and Other Compensation**

ACG has agreements with Lee Jenkins and Johnson Bryan to pay for client referrals. The solicitor's agreements entered into by ACG comply with rule 206(4)-3 promulgated under the Investment Advisors Act of 1940. If a client is solicited by Lee Jenkins or Johnson Bryan, ACG will pay them a portion of the management fees we collect. The details of the fee payments are detailed on the Solicitor's Disclosure which is provided to you at account opening. Solicitor's fees will be based on ACG's normal fee schedule; you will not be charged any additional fees or expenses as a result of the referral.

#### **Item 15 – Custody**

You should receive statements at least quarterly from the qualified custodians that holds and maintains your investment assets. We urge you to carefully review such statements and compare the official custodial records to the account statements that we may provide you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

#### **Item 16 – Investment Discretion**

ACG usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. When selecting securities and determining amounts, ACG observes the investment policies, limitations and restrictions of the clients for which it advises. Investment guidelines and restrictions must be provided to ACG in writing.

#### **Item 17 – Voting Client Securities**

As a matter of firm policy and practice, ACG does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client

portfolios. ACG may provide advice to clients regarding the clients' voting of proxies. Clients will receive their proxies or other solicitations directly from their custodian or transfer agent.

#### **Item 18 – Financial Information**

Registered Investment Advisers are required to provide you with certain financial information or disclosures about ACG's financial condition. ACG has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of any bankruptcy proceeding.

#### **Privacy Policy**

ACG collects non-public information about you from the following sources:

- Information we receive from you on account applications or other forms
- Information about your transactions with ACG or others
- Information we receive from a consumer-reporting agency

We do not disclose any non-public personal information about you to anyone, except as permitted by law. We maintain physical, electronic and procedural safeguards in compliance with federal standards to protect your information. If you decide to close your account(s) or you become an inactive customer, we will adhere to the privacy policies and practices as described in this notice.

ACG restricts access to your personal account information to only those employees who need to know that information to provide products or services to you. For more information on our Privacy Policy, please contact the Compliance Department at (404) 893-4100 or [compliance@atlantacapitalgroup.com](mailto:compliance@atlantacapitalgroup.com).