



For trading on client accounts, the Code of Ethics requires employees to maximize client portfolio value by seeking best execution for all client transactions. In addition, traders must ensure fair and equitable trade allocation among client accounts.

The Code of Ethics also covers how we price securities, our portfolio performance process, and requires us to obtain an annual 3rd party verification of our portfolio accounting procedures.

Investing in Securities Recommended to Clients: Our investment strategy includes identifying securities that may represent a potential for gain or, in the case of asset allocation accounts, identifying certain index funds that have low internal expenses while also providing exposure to desired asset classes. Our employees may also invest in these securities. Since the recommended securities are liquid and widely traded, we believe the risk of any employee benefiting from any investment also held in a client account is minimized. However, as part of our personal trading policy, each employee is required to report all trading activity to the Chief Compliance Officer on a quarterly basis.

Brokerage Practices

As an investment advisory firm, we have a fiduciary duty to transact trades in the manner that is best for our clients. Our Best Execution policy seeks to obtain the best overall trade execution in terms of both quantitative and qualitative considerations, although best price is the primary consideration. On an annual basis, we examine the relationships with broker/ dealers who execute significant amounts of trades for us. Broker/dealers are assessed based on their ability to complete trades in a timely and accurate manner, respond during volatile markets, and account for trade errors.

Any Client accounts custodied at Schwab may have trades executed using Schwab as the broker. In such cases, the typical standards of achieving 'Best Execution' may not apply to these accounts.

Trade Aggregation: Trades may be aggregated if it is beneficial to clients. Allocation procedures are fair and equitable to all clients with no particular group or client favored or disfavored over any other clients. We prohibit any allocation of trades in a manner that APCM's proprietary accounts, affiliated accounts, or any particular client(s) or group of clients receive more favorable treatment than other client accounts.

Review of Accounts

In order to provide maximum value to our clients, we have regular reviews of all accounts.

For institutional accounts: A portfolio manager is assigned to each account to ensure that the account is invested in accordance with the client's investment policy. An associate portfolio manager, who may serve as the portfolio manager for other clients, covers the account in the absence of the portfolio manager. Specific investments are made by portfolio managers on behalf of their assigned client portfolios. On a monthly basis, the Chief Investment Officer reviews specific portfolio parameters of the institutional accounts including yield, asset classes, duration and sector/quality/issuer concentration. The Chief Investment Officer and portfolio manager meet monthly, at a minimum, to review account structure and performance relative to client objectives. The

review also consists of an appraisal of macroeconomic conditions including the economy, interest rates, and credit trends.

For private wealth accounts: Each client has a relationship with a Financial Adviser with whom they have regular communication. The Financial Adviser has overall client responsibility and makes recommendations regarding the acceptable level of stock market exposure that a client is suited for based on the risk profile of the client. The Financial Adviser works with a Portfolio Manager to implement the appropriate investment strategy developed as detailed in Methods of Analysis, Investment Strategies and Risk of Loss. Once implemented, the Portfolio Manager and Chief Investment Officer review the holdings and allocations of accounts on a quarterly basis with necessary adjustments made as needed.

Client Referrals and Other Compensation

Although we appreciate client referrals, we do not compensate any 3rd parties for referrals.

Custody

We do not take custody of client assets. Clients are responsible for selecting their own custodian. We recommend that clients compare the account statements received by the custodian to the statement we prepare for them.

Investment Discretion

We have investment discretion on the assets we manage. We accept investment discretion upon the execution of client contract documents granting this authority. On occasion, a client may bring an inherited security with client imposed restrictions into the account we manage. Such restrictions are in writing.

Voting Client Securities

As a matter of policy and as a fiduciary to our clients, we vote proxies for portfolio securities consistent with the best economic interests of the clients. We vote proxies for debt instruments and, with some exceptions, exchange-traded funds and mutual funds. We do not vote proxies for individual equities. Individual equities are held in a client's account as an accommodation to the client and are not part of our overall management strategy or an appropriate focus for research. Clients are notified that we do not vote these proxies and that we will, upon request, arrange for the clients to receive these proxies directly. Our policy and practice includes the responsibility to monitor corporate actions, receive and vote client proxies, disclose any potential conflicts of interest, and make information related to proxies available to clients. The term proxy as used here includes corporate actions and tender offers for debt instruments.

Financial Information

As a privately held firm who does not have custody of client assets, we are not required to undergo an audit of our financial statements.



March 2015

REGISTERED INVESTMENT ADVISER (RIA)

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This brochure provides information about the qualifications and business practices of APCM. If you have any questions about the contents of this brochure, please contact us at (907) 272-7575. 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. An RIA designation does not imply skill or training.

Additional information about APCM is also available on the SEC's website at www.adviserinfo.sec.gov.





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SUMMARY OF MATERIAL CHANGES
NONE

Advisory Business

APCM is an investment adviser who has been providing investment advice in Alaska since 1992. We provide investment management for active fixed income portfolios and balanced accounts that include a mix of stock and bond index funds. We are independently owned and have no 3rd party affiliations that compromise our advice to clients. Our only income is the fee income earned from our clients.

APCM was founded by Dave Rose, the first executive director of the Alaska Permanent Fund Corporation. The firm is majority owned by Evan Rose, Chairman and CEO. Other minority owners include Fran Rose, Trustee for the Dave Rose Estate, and employees Bert Wagon, APCM Sr. Vice President, Jeff Pantages, APCM Chief Investment Officer, Brandy Niclai, APCM portfolio manager, William Lierman, APCM portfolio manager, and two prior employees.

One service that differentiates us is our ability to tailor our portfolios to specific client needs. For our institutional clients, we often manage various accounts that meet differing investment objectives that range from cash flow management to equity-based asset allocation accounts.

As of December 31, 2015, we managed \$2.9 billion in discretionary assets under management.

Fees and Compensation

All of our revenues are earned from our clients. Although the majority of our revenue is based on account value for assets we manage, some clients may select an additional service such as financial planning or financial consulting. We do not have any revenue sharing arrangements with any 3rd party organizations nor any performance based fees or side-by-side management arrangement that would affect account management. Clients may elect to pay their fees from their account or be billed separately. Fees are calculated monthly in arrears, based on the end of month market value. Fees for services are billed when the service is performed.

Fees are negotiable depending on size of the account and other considerations that may result in economies of scale. Institutional balanced account fees range from 1% of assets under management and below. Institutional fixed income account fees range from 0.50% of assets under management and below.

Other fees clients may incur include custodian fees and other transaction costs. For more information, please see Brokerage Practices. Asset allocation accounts may also incur internal fund expenses for which we receive no remuneration. As our primary goal is to help our clients achieve their financial goals, our selected funds and ETFs have very low expenses.

Performance-Based Fees and Side-By-Side Management

All accounts are managed with the best interest of each client as the guide. Client accounts are treated fairly and no client is favored over another. We do not have any performance-based fees or side-by-side management arrangements that could potentially create a conflict of interest when managing accounts.

Types of Clients

Our clients include both institutions and individuals. On the institutional side, our clients include State of Alaska public entities, municipalities, boroughs, Alaska Native Corporations, endowments, and non-profits.

Methods of Analysis, Investment Strategies and Risk of Loss

We provide two general types of account management: 1) fixed income only accounts, and 2) balanced accounts with equity exposure. The following describes the analysis and strategy for each of those accounts types.

Fixed Income Accounts: Fixed income investment strategies are designed to meet client objectives. Macroeconomic trends and monetary policy are examined to establish the appropriate portfolio positioning given the economic environment, within the investment policy parameters. Our investment team carefully considers risk and portfolio structure to the benchmark index chosen by the client. Key portfolio risk factors such as duration, sector exposure and credit quality are measured and controlled using quantitative techniques. Value is added through the active management of yield curve positioning, sector rotation and individual security selection. Fundamental credit and structure analysis is performed on individual securities before purchasing for a portfolio. Our investment style is to make incremental decisions rather than large restructurings of client accounts, and to minimize portfolio turnover to reduce trading costs. We believe a long term perspective and conservative approach are the best ways to add value to our clients.

Balanced Accounts: Our balanced account investment strategies are developed with the aid of sophisticated software and modeling programs to achieve an efficient portfolio. Such a portfolio is one that provides the highest expected return given an acceptable level of risk as indicated by the client. We use our inputs on market conditions, projected economic climate, and over 200 years of our firm's combined investment experience to develop different strategies with varying amounts of equity. The process results in an array of models each with varying degrees of asset class exposure that can be selected to meet a client's investment objective. Securities chosen to represent asset class exposure are mainly index funds that are evaluated based on tracking error to the benchmark, internal fund expenses, fund management, and liquidity. Depending on the size of the account, the fixed income exposure may be achieved through an index fund or ETF or it may be managed by our investment team.

Securities purchased may include, but are not limited to: US Treasuries, US TIPS, GNMA and FNMA agency securities, corporate and municipal debt securities, mutual funds, exchange traded funds, asset back

securities, CDs, commercial paper, and mortgage backed securities. As with any investment, investing in securities involves risk of loss that clients should be prepared to bear. Clients are encouraged to read the prospectus(es) in order to more fully understand the risks.

Disciplinary History

We have been an SEC registered investment advisor since 1992 and have no record of disciplinary history since inception.

Other Financial Industry Activities and Affiliations

We are a privately held firm with no business relationships that create conflict-of-interest in our decision making. APCM is a majority owner of AWMI, an advisor whose primary service is advisory services to individuals. Our practice is to make every investment decision in the best interest of the client.

Since we do not take custody of client assets, clients are free to select their own custodian from a variety of custodians with whom we have technology-based relationships. To eliminate traditional custodian fees, some clients may select Schwab as their custodian since Schwab offers no-cost custodian services. For accounts where Schwab is the custodian, securities are generally transacted through Schwab Brokerage. Such transactions may or may not result in the best price that generally drives our transactions with other brokers and Schwab may charge a transaction fee for buys and sells. In addition, we as a firm receive operational support from Schwab for accounts custodied at Schwab. Such support includes simplified web-based access to account information but does not include any hardware.

Code of Ethics Summary and Offer of Delivery to Clients

As an SEC-registered adviser and pursuant to SEC rule 204A-1, we have a Code of Ethics that governs employee conduct. A copy is available to anyone upon request.

Code of Ethics Summary: In essence, we are fiduciaries to our clients and our employees are expected to act in the best interests of our clients at all times. Employees are required to disclose any potential conflicts of interest that could compromise this duty and such conflicts must be resolved in favor of the client(s). Furthermore, the Code of Ethics covers additional areas such as protecting confidential information, restricting participation in business interests that may create conflicts of interest, and limiting gifts to a de minimis amount. Our employees must report their investment holdings annually and all their investment transactions quarterly. In addition, employees must obtain preclearance prior to trading on any security that is on our Restricted List.