

# **Atlantic Capital Management, Inc.**

**851 Washington Street  
Holliston, MA 01746**

**Telephone: 508-893-0872  
Facsimile: 508-893-8087**

**[www.atlanticcapitalmanagement.com](http://www.atlanticcapitalmanagement.com)**

**March 13, 2020**

## **FORM ADV PART 2A BROCHURE**

---

This brochure provides information about the qualifications and business practices of Atlantic Capital Management, Inc. If you have any questions about the contents of this brochure, please contact us at 508-893-0872. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Atlantic Capital Management, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Atlantic Capital Management, Inc. is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## **Item 2 Summary of Material Changes**

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since the filing of our last annual updating amendment, dated March 20, 2019 we do not have any material changes to report.

### Item 3 Table Of Contents

Item 1 Cover Page	Page 1
Item 2 Summary of Material Changes	Page 2
Item 3 Table Of Contents	Page 3
Item 4 Advisory Business	Page 4
Item 5 Fees and Compensation	Page 7
Item 6 Performance-Based Fees and Side-By-Side Management	Page 10
Item 7 Types of Clients	Page 10
Item 8 Methods of Analysis, Investment Strategies and Risk of Loss	Page 10
Item 9 Disciplinary Information	Page 13
Item 10 Other Financial Industry Activities and Affiliations	Page 14
Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	Page 14
Item 12 Brokerage Practices	Page 14
Item 13 Review of Accounts	Page 16
Item 14 Client Referrals and Other Compensation	Page 17
Item 15 Custody	Page 19
Item 16 Investment Discretion	Page 19
Item 17 Voting Client Securities	Page 19
Item 18 Financial Information	Page 19
Item 19 Requirements for State-Registered Advisers	Page 20
Item 20 Additional Information	Page 20

## Item 4 Advisory Business

Atlantic Capital Management, Inc., ("Atlantic Capital Management" or "ACM") was founded in 1992. ACM provides investment management services to individuals, trusts and fiduciaries. In general, ACM seeks to provide maximum after-tax, risk adjusted returns over long term time horizons consistent with Clients' investment objectives, which take into account Clients' desired risk levels, investment constraints and need for liquidity. Investment advice is provided, with the Client making the final decision on investment objective. ACM does not act as a custodian of Client assets.

A written evaluation of each Client's initial situation may be provided to the Client, often in the form of a net worth and cash flow statement. Periodic reviews are conducted to provide reminders of the specific courses of action that need to be taken. More frequent reviews occur but are not necessarily communicated to the Client unless immediate changes are recommended. Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by the Client on an as-needed basis. ACM may recommend other professionals to the Client. Conflicts of interest with respect to such recommendations will be disclosed to the Client in the unlikely event they should occur.

### Principal Owners

William C. Newell and Christopher J. Tobey

### Description of Services and Fees

Atlantic Capital Management provides strategic financial planning and investment management services to Clients. This means that ACM provides its Clients with regular and continuous financial advice which is particularly tailored to that Client's financial and investment needs.

The following paragraphs describe our services and fees. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we", "our" and "us" refer to Atlantic Capital Management, Inc. and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm.

On more than an occasional basis, ACM furnishes advice to Clients on matters not involving securities, such as financial planning matters, taxation issues, and trust services that often include estate planning. ACM provides financial analysis consistent with the individual Client's unique economic circumstances as well as tax status and risk/reward objectives. Planning may focus on investments, insurance, taxes, employee benefits, estate and/or retirement issues.

### Strategic Financial Planning Services

Financial planning and or analysis is designed to help the Client clarify their needs first and prior to any change in investments or ongoing investment management. The scope of work and fee is defined by our Financial Advisory Agreement and is provided to the client prior to the start of the relationship.

ACM provides financial planning and analysis intended to evaluate and identify investment positions, tax issues, size of estate, insurance needs, retirement issues, financing options, cash flow problems, company benefits, debt problems and any other financial aspects that may inhibit the clients from achieving their goals. In general, financial planning will address any one or all of the following areas of concern:

- **PERSONAL:** family demographics such as address, dates of birth, occupations, financial goals and personal objectives.
- **TAX and CASH FLOW:** income tax and spending analysis of current and future years. Illustrate

the impact of various planning scenarios on surplus income, savings and future tax liability.

- **INSURANCE:** evaluation of cash needs if disabled or in the event of death, income needs of surviving dependents and estate liquidity needs.
- **RETIREMENT:** feasibility analysis of current strategies vs proposed strategies to achieve retirement and financial independence goals.
- **INVESTMENTS:** analysis of current investments vs proposed investment allocations intended to minimize risk and maximize returns within risk and liquidity guidelines established by the client.

ACM will gather required information through in-depth personal interviews concerning the Client's current financial status, future goals and attitudes toward risk. A written executive summary of recommendations is presented to the Client on how to reach their goals. Implementation is entirely at the Client's discretion and often requires the Client to work closely with his/her attorney, accountant, insurance agent to implement our Estate, Tax and Insurance recommendations.

ACM may also act as the sole presenter of financial seminars. These seminars may include presentations on financial planning, estate planning, investment planning, insurance strategies, business planning, long term care or retirement planning. ACM charges a seminar fee to those in attendance ranging from \$50 - \$1,000. Attendees will not be advisory Clients of ACM until the Client has executed a Financial Advisory Agreement or Investment Management Agreement.

Additionally, the financial planning services typically involve providing a variety of advisory services to clients regarding the management of their financial resources based upon an analysis of their individual needs. These services can range from comprehensive financial planning to consultative or single subject planning. If you retain our firm for financial planning services, we will meet with you to gather information about your financial circumstances and objectives. We will use financial planning software tools to determine your current financial position and to define and quantify your goals and objectives. Once we determine the Client's objectives (both financial and non-financial), we will develop both shorter-term, and longer term targeted objectives intended to assist the Client in reaching their overall financial goals. We will deliver a written plan to the Client, designed to help the client achieve their stated financial goals and objectives.

Financial Plans are based on the financial information provided by the Client. Our summary of plan recommendations will be based on the data from that point in time. It is the responsibility of the Client to notify us with any changes to their financial situation, goals, objectives, or needs so we can make the necessary adjustments.

You are under no obligation to act on our financial planning recommendations. Should you choose to act on any of our recommendations, you are not obligated to implement the financial plan with ACM. Moreover, you may act on our recommendations by placing securities transactions with any brokerage firm.

We may offer Retirement Plan advisory services to employee benefit plans and their fiduciaries. In general, these services may include an existing plan investment review, risk analysis, plan design and plan performance review. These services will generally be non-discretionary and advisory in nature. The ultimate decision to act on behalf of the plan shall remain with the plan sponsor or other named fiduciary.

We may also assist with retirement plan participant enrollment meetings to provide investment-related education on such topics as:

- Diversification
- Asset allocation
- Risk tolerance
- Time horizon

Our educational seminars may include other investment-related topics specific to the particular plan.

### **Investment Management Services**

Most Clients choose to have Atlantic Capital Management implement their investment recommendations in order to obtain ongoing in-depth advice and life planning. ACM will conduct an initial interview with Clients during which a member of ACM will obtain information to determine the Client's financial situation and investment objectives. This information will lead to the design of a portfolio appropriate for the Client's financial needs, time horizon, risk tolerance and investment objectives. Recommendations will be made to invest in a portfolio allocated across the Stock, Bond, REIT, Commodity and Currency markets.

Assets are invested primarily in listed securities usually through our custodian or outside investment companies. Fund companies charge each fund shareholder an investment management fee that is disclosed in the fund prospectus. Custodians may charge a nominal transaction fee for the purchase or sale of some securities. Securities may be purchased or sold through a brokerage account when appropriate. The brokerage firm charges a fee for security trades.

Investments may also include: equities (stocks), municipal securities, investment company securities (variable annuities, and mutual funds shares), U. S. government securities, and ETFs. ACM may also offer Clients advice on various types of private placements, if such securities would meet a Client's investment objectives and risk tolerance.

In general, ACM seeks to provide maximum after-tax, risk adjusted returns over long- term time horizons consistent with Clients' investment objectives, which take into account Clients' desired risk levels, tolerance for market volatility, need for income and liquidity and time horizon. ACM pursues its Clients' investment objectives by strategically investing Client accounts in multiple asset classes (markets). In circumstances where ACM may not have the requisite investment expertise, it may invest a portion of a Client's account in registered investment companies or other investment vehicles, including but not limited to non-traded investment trusts, limited partnerships and alternative private funds (e.g., hedge funds).

The scope of work and fee is defined by our Investment Management Agreement and is provided to the Client in writing prior to the start of the relationship. An Investment Management Agreement includes fully discretionary fee only investment management and quarterly performance review reporting with periodic review meetings.

We offer discretionary and non-discretionary portfolio management services. Our investment advice is tailored to meet our clients' needs and investment objectives. If you retain our firm for investment management services, we will meet with you to determine your investment objectives and other relevant information at the beginning of our advisory relationship. We will use the information we gather to develop a strategy that enables our firm to give you continuous and focused investment advice and management. As part of our portfolio management services, we may customize an investment portfolio for you according to your investment objectives. We may also invest your assets using a predefined strategy, or we may invest your assets according to one or more model portfolios

developed by our firm. Once we construct an investment portfolio for you, or select a model portfolio, we will monitor your portfolio's performance on an ongoing basis, and will rebalance the portfolio as required by changes in the macro-economic environment, market conditions and in your personal circumstances.

If you participate in our discretionary portfolio management services, we require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow us to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is typically granted by the investment management agreement you sign with our firm. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our firm with your restrictions and guidelines in writing. If you enter into non-discretionary arrangements with our firm, we must obtain your approval prior to executing any transactions on behalf of your account.

### **Types of Investments**

We have full market access and offer advice on stocks in the stock market, bonds in the bond market, commodities in the commodity market, real estate in the real estate investment trust market, and foreign currency in the currency market.

We will advise and provide guidance on any type of investment that we deem appropriate based on the clients stated goals and objectives. Moreover we will provide advice on any type of investment held in your portfolio at the inception of our advisory relationship

### **Assets Under Management**

As of December 31, 2019, we provide continuous management services for \$125,410,798 in client assets on a discretionary basis, and \$3,343,207 in client assets on a non-discretionary basis. We also provide non-continuous management services for \$15,000,000 in client assets.

## **Item 5 Fees and Compensation**

Atlantic Capital Management bases its fees on a percentage of assets under management, hourly charges and fixed fees.

Account fee rates are established in ACM's fee schedule as detailed below. ACM reserves the right in its sole discretion to waive its fees with respect to any Client. The exact fees charged for these services will be specified in a Client agreement executed before service begins.

Fees are negotiable and may be waived at the sole discretion of ACM. ACM may manage its employees; and/or family accounts for a reduced fee of \$1 per quarter.

### **Strategic Financial Planning Fees**

We charge an hourly fee of \$300 for strategic financial planning as defined by our Financial Advisory Agreement. Financial Planning and analysis is negotiable depending on the scope and complexity of the plan, your situation, and your financial objectives. An estimate of the total time/cost will be determined at the initial meeting with the client. The fee will not be due until the completion of the planning and analysis when a executive summary of recommendations is provided to the client. In limited circumstances, the cost/time could potentially exceed the initial estimate. In such cases, we will notify you and request that you approve the additional fee.

We will not require prepayment of a fee. Fees are due upon completion of strategic financial planning services.

At our discretion, we may offset our financial planning fees to the extent you implement the financial plan through our Investment Management Services.

You may terminate the financial planning agreement by providing written notice to our firm. You will incur a pro rata charge for the time and services rendered up to the date of termination.

### **Investment Management Fees**

Investment management fees are billed quarterly, in advance, meaning that we charge the client fee before the three-month billing period has begun. Fees are usually deducted from a designated Client account to facilitate billing. The Client must consent in advance to direct debiting of their investment account. Alternatively, if the client is invoiced for their fee, payment in full is due upon receipt of the invoice.

ACM will typically pro-rate fees for accounts where the investment management agreement is initiated or terminated on a date creating less than a full quarter of investment management. Any fees not earned will be refunded to the Client.

ACM does not provide custody services or take custody of a Client's assets. Consequently, Clients may be charged additional fees by a third party custodian for the custodian's services.

Our fee for investment management services is based on a percentage of your assets we manage and is set forth in the following fee schedule:

<b>Assets Under Management</b>	<b>Annual Fee*</b>
Under \$500,000	1.20%
\$500,000 - \$1,000,000	1.10%
\$1,000,001 - \$1,500,000	1.00%
\$1,500,001 - \$2,000,000	0.90%
\$2,000,001 - \$3,000,000	0.80%
\$3,000,001 - \$4,000,000	0.70%
\$4,000,001 - \$5,000,000	0.60%
\$5,000,001 - \$8,000,000	0.50%
Over \$8,000,001	Negotiable

\*Existing clients may be charged under a different (previous) fee schedule.

### **Other Fees and Expenses**

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to the *Brokerage Practices* section of this brochure.

Our annual investment management services fee is billed and payable quarterly in advance based on the value of your account on the last day of the previous quarter.



If the investment management services agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client. Our advisory fee is negotiable, depending on individual client circumstances.

At our discretion, we may combine the account values of directly related family members to determine the applicable advisory fee. For example, in our Family First Program, we may aggregate account values for you and your minor children, spouse, brothers, sisters, parents and other direct family members. Combining family member account values may increase the assets under management total, which may result in your paying a reduced advisory fee based on the available breakpoints in our fee schedule stated above.

Standard operating procedure is that client fees are deducted directly from their account through a qualified custodian holding the client's funds and securities. A written authorization permitting the deduction of fees by the account will be signed by the account owner. At the end of each calendar quarter performance reports will show the clients rate of return "net of fees," after fees paid.

On occasion a client may request that their account fees be billed (invoiced) outside of their account. In the event a client's makes this election the account fee will be invoiced, mailed and payable to Atlantic Capital Management, Inc. by the account owner upon receipt. At the end of each calendar quarter performance reports will show the clients rate of return "gross of fees," before fees paid.

You may terminate the investment management services agreement upon 30-days' written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the investment management services, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees following the quarterly billing cycle.

We encourage you to reconcile our invoices with the statement(s) you receive from the qualified custodian. If you find any inconsistent information between our invoice and the statement(s) you receive from the qualified custodian please call our main office number located on the cover page of this brochure.

### **Compensation for the Sale of Securities or Other Investment Products**

While persons providing investment advice to advisory clients on behalf of our firm can select or recommend mutual fund investments in share classes that pay 12b-1 fees, it is our policy that these persons do not select or recommend share classes that pay 12b-1 fees for your advisory account. Thus, we will not receive a 12b-1 fee and an advisory fee on the same asset. In the event that we inadvertently receive a 12b-1 fee on an advisory account, we will rebate the 12b-1 fee to your advisory account. However, it is important to note that these persons, when acting in their separate capacities as registered representatives, can select or recommend, and in many instances will select or recommend, that your brokerage account purchase mutual fund investments in share classes that pay 12b-1 fees when clients are eligible to purchase share classes of the same funds that do not pay such fees and are less expensive. This presents a conflict of interest. You are under no obligation, contractually or otherwise, to purchase securities products through any person affiliated with our firm who receives compensation described above.

Persons providing investment advice on behalf of our firm are licensed as independent insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are

separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. You are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

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

We do not accept performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Our fees are calculated as described in the *Advisory Business* section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

## **Item 7 Types of Clients**

We offer investment advisory services to individuals, including high net worth individuals, trusts, charitable organizations, and profit sharing plans.

In general, we have an aggregate minimum dollar amount to open and maintain an advisory account of \$500,000. In addition, we reserve the right to terminate an Account if it falls below a minimum size which, in our sole opinion, is too small to effectively manage. We may also combine account values for you and your family members to meet the stated minimum.

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

### **Our Investment Philosophy**

Atlantic Capital Management Inc. provides wealth management services to individual's trusts and fiduciaries seeking to minimize risk and maximize returns through strategic financial planning and prudent investment management. In a multi-disciplinary fashion we facilitate the creation, preservation and transfer of our client's wealth. We are passionate about the privacy, protection and performance of our client's assets.

We are an exclusive wealth management boutique delivering comprehensive, personalized financial management solutions tailored to meet each client's goals and objectives. We are committed to providing our clients with objective financial counsel. We are sensitive to our clients' needs and dedicated to their satisfaction. Our analysis is guided by our client's goals and objectives. Our recommendations are based on sound economics and thorough research. We maintain full market access to a wide range of highly liquid, non-proprietary financial products designed to improve our clients' financial condition.

Our Portfolio construction is guided by a thorough client assessment of the following circumstances:

1. *Investment Goals*
2. *Risk Tolerance*
3. *Time Horizon*
4. *Liquidity Needs*
5. *Income Requirements*
6. *Age of Client*

Our security selection process is guided by the following Investment principals:

1. *Use Highly Liquid Investments*
2. *Use Low Expense Ratio ETFs, ETNs and CEFs*
3. *Cover all Major Markets (Asset Category)*
4. *Diversify in Each Market (Asset Class)*
5. *Build in Cash Flow where possible*
6. Utilize discreet Investment attribution
7. Endeavor to keep transaction costs to a minimum

We are a conservative firm providing strategic financial planning, prudent portfolio design, careful security selection and ongoing portfolio management.

We currently have 5 target asset allocation models for our clients as follows: Capital Preservation; Conservative; Moderate; Growth; and Aggressive Growth.

### **Our Methods of Analysis and Investment Strategies**

ACM employs both technical and fundamental analysis for evaluating securities. Technical analysis evaluates price charts, momentum and relative strength. Fundamental analysis of a security attempts to measure intrinsic value by examining related economic, financial and other qualitative and quantitative factors.

ACM uses a disciplined, systematic approach to investment management. ACM approaches portfolio construction in a top down manner. Fundamentally ACM looks at the overall economy in an attempt to gain some consensus on the forces which will move the markets in the upcoming year. ACM's technical analysis looks at the relative strength of the major markets and the relative strength of the numerous sectors within those markets. Based upon both fundamental and technical analysis, ACM develops its risk managed (RM) portfolios and updates them as economic or technical factors change during the year.

The main sources of information include financial newspapers and magazines, research materials prepared by others, and corporate rating services. ACM may also rely on third-party sources of securities analysis in determining investment strategies.

### **Investment Strategies**

The investment strategy for a specific Client is driven by the objectives stated by the Client during consultations. The Client may change their objectives at any time. Each Client portfolio is based on an investment policy statement that documents their desired investment strategy.

In general, ACM seeks to provide maximum after-tax, risk adjusted returns over long term time horizons consistent with Clients' investment objectives. Investment objectives take into account Clients' desired risk levels, investment constraints and need for liquidity. ACM pursues its Clients' investment objectives by strategically investing Client accounts in multiple securities markets. In circumstances where ACM may not have the requisite investment expertise, it may invest a portion of a Client's account in registered investment companies or other investment vehicles, including exchange traded funds, mutual funds or alternative private funds (e.g., hedge funds).

ACM has several risk managed (RM) portfolios with the major ones being RM Capital Preservation, RM Conservative, RM Moderate, RM Growth, and RM Aggressive Growth. Each risk managed portfolio is broadly diversified within markets, sectors, and securities. The individual positions typically

number 5 to 15 in each portfolio. ACM will willingly overweight sectors which are strong and underweight sectors which are weak. Each market (asset class) is well diversified within each RM portfolio.

Other strategies may include long-term purchases and short-term purchases.

- **Fundamental Analysis** - involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company and its industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.
  - **Risk:** The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.
- **Technical Analysis** - involves analyzing the relative strength of security price patterns and market trends.
  - **Risk:** the duration of security price patterns and market trends may be difficult to predict with accuracy.

### **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

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

- **Interest Rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of 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.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company

within an industry. For example, 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.

Our investment strategies and advice may vary depending upon each Client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

### **Tax Considerations**

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you consult with a tax professional prior to and throughout the investing of your assets.

Moreover, as a result of revised IRS regulations, custodians and broker-dealers will begin reporting the cost basis of equities acquired in client accounts on or after January 1, 2011. Your custodian will default to the FIFO (First-In First-Out) accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

### **Recommendation of Particular Types of Securities**

ACM has full market access to all listed securities. As disclosed under the *Advisory Business* section in this brochure, we primarily recommend equity and fixed income securities, certificate of deposits, municipal securities, and Real Estate Investment Trusts (REITs). Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss of principal.

## **Item 9 Disciplinary Information**

ACM is required to disclose whether there are legal or disciplinary events that are material to a Client's or a prospective Client's evaluation of our advisory business or the integrity of our management. ACM and its employees have not been involved in legal or disciplinary events related to past or present investment Clients.

## Item 10 Other Financial Industry Activities and Affiliations

### Registrations with Broker-Dealer

Persons providing investment advice on behalf of our firm are registered representatives with Purshe Kaplan Sterling Investments a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. See the *Fees and Compensation* section in this brochure for more information on the compensation received by registered representatives who are affiliated with our firm.

### Licensed Insurance Agents

Persons providing investment advice on behalf of our firm are licensed insurance agents. They will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these individuals are separate from our advisory fees. See the *Fees and Compensation* section in this brochure for more information on the compensation received by insurance agents who are affiliated with our firm.

## Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

The employees of ACM have committed to a Code of Ethics that is available for review by Clients and prospective Clients upon request. ACM will provide a copy of the Code of Ethics to any Client or prospective Client upon request.

### Participation or Interest in Client Transactions

ACM and its employees may buy or sell securities that are also held by Clients. Employees may not trade their own securities ahead of Client trades. Employees comply with the provisions of ACM's *Compliance Manual*.

### Personal Trading

The Chief Compliance Officer of ACM is William C. Newell. He reviews all employee trades each quarter. His trades are reviewed by Christopher Tobey. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that Clients of ACM receive preferential treatment. Since most employee trades are mutual fund trades or exchange-traded fund trades, the trades do not affect the securities markets.

A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our policy that neither our firm nor persons associated with our firm shall have priority over your account in the purchase or sale of securities.

## Item 12 Brokerage Practices

ACM recommends custodians based on the proven integrity and financial responsibility of ACM and the best execution of orders at reasonable commission rates. ACM may recommend that Clients establish brokerage accounts with Purshe Kaplan, a registered broker-dealer, member FINRA/SIPC, to effect trades for their accounts. Certain members of ACM are registered representatives of Purshe Kaplan.



We participate in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC/NFA. TD Ameritrade is an independent and unaffiliated SEC-registered broker-dealer. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. We receive some benefits from TD Ameritrade through our participation in the program.

We participate in TD Ameritrade's institutional customer program and we may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between our participation in the program and the investment advice we give to our Clients, although we receive economic benefits through our participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving our participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by our related persons. Some of the products and services made available by TD Ameritrade through the program may benefit us but may not benefit our Client accounts. These products or services may assist us in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by us or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duties to Clients, we endeavor at all times to put the interests of our Clients first. Clients should be aware, however, that the receipt of economic benefits by us or our related persons in and of itself creates a potential conflict of interest and may indirectly influence the our choice of TD Ameritrade for custody and brokerage services.

### **Brokerage for Client Referrals**

We do not receive Client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

### **Directed Brokerage**

Persons providing investment advice on behalf of our firm who are registered representatives of Purshe will recommend Purshe to you for brokerage services. These individuals are subject to applicable rules that restrict them from conducting securities transactions away from Purshe unless Purshe provides the representative with written authorization to do so. Therefore, these individuals are generally limited to conducting securities transactions through Purshe. It may be the case that Purshe charges higher transactions costs and/or custodial fees than another broker charges for the same types of services. If transactions are executed through Purshe, these individuals (in their separate capacities as registered representatives of Purshe) may earn commission-based compensation as result of placing the recommended securities transactions through Purshe. This practice presents a conflict of interest because these registered representatives have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your needs. You may utilize the broker-dealer of your choice and have no obligation to purchase or sell securities through such broker as, we recommend. However, if you do not use Purshe, we may not be able to accept your account. Please see the *Fees and Compensation* section in this brochure for more information on the compensation received by registered representatives who are affiliated with our firm.

In limited circumstances, and at our discretion, some clients may instruct our firm to use one or more particular brokers for the transactions in their accounts. If you choose to direct our firm to use a particular broker, you should understand that this might prevent our firm from aggregating trades with other client accounts from effectively negotiating brokerage commissions on your behalf. This practice may also prevent our firm from obtaining favorable net price and execution. Thus, when directing brokerage business, you should consider whether the commission expenses, execution, clearance, and settlement capabilities that you will obtain through your broker are adequately favorable in comparison to those that we would otherwise obtain for you.

Persons providing investment advice on behalf of our firm who are registered representatives of Purshe Kaplan Sterling Investments will recommend Purshe Kaplan Sterling Investments to you for brokerage services. These individuals are subject to applicable rules that restrict them from conducting securities transactions away from Purshe Kaplan Sterling Investments unless Purshe Kaplan Sterling Investments provides the representative with written authorization to do so. Therefore, these individuals are generally limited to conducting securities transactions through Purshe Kaplan Sterling Investments. It may be the case that Purshe Kaplan Sterling Investments charges higher transactions costs and/or custodial fees than another broker charges for the same types of services. If transactions are executed through Purshe Kaplan Sterling Investments, these individuals (in their separate capacities as registered representatives of Purshe Kaplan Sterling Investments) may earn commission-based compensation as result of placing the recommended securities transactions through Purshe Kaplan Sterling Investments. This practice presents a conflict of interest because these registered representatives have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your needs. You may utilize the broker-dealer of your choice and have no obligation to purchase or sell securities through such broker as, we recommend. However, if you do not use Purshe Kaplan Sterling Investments, we may not be able to accept your account. See the *Fees and Compensation* section in this brochure for more information on the compensation received by registered representatives who are affiliated with our firm.

### **Block Trades**

We combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "block trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our discretion regarding factual and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

## **Item 13 Review of Accounts**

Firm Client accounts are reviewed on a regular basis by the investment advisory representative responsible for the account. There is no specific sequence in which accounts are reviewed. Rather, an ongoing review is in place. Additional reviews are initiated when, as, and if, market conditions dictate, Client circumstances warrant, or any other pertinent factors surface. Thus, the frequency of reviews depends on the foregoing; Reviews are undertaken in context with a Client's current investment policy guidelines, individual security analysis and Client investment considerations.



In addition to the foregoing, all Client accounts are viewed in a formal annual audit process by all portfolio managers. This process audits and documents the account's compliance with asset allocation ranges, risk levels, legal and tax constraints and any other restrictions or provisions set forth in the accounts investment process.

For the purpose of accountability and transparency, all of ACM's Clients are encouraged to schedule a periodic (quarterly, semi annual, annual) financial review. Reviews may encompass one or all of the following services: Estate Analysis, Retirement Analysis, Tax Analysis, College Analysis, Net Worth and Cash Flow Analysis, Investment Analysis, Insurance Analysis and / or Employee Benefits Analysis. In addition, all Clients are eligible for special meetings at any time at their bequest. Triggering factors include but are not limited to: changes in Client circumstances, market activity, economic trends, political trends, interest rate changes and other "street factors."

The purpose of financial reviews is to update and to keep the Client informed. Reviews assess the Client's financial progress and any need for change or alteration due to personal or environmental circumstances. ACM encourages every client to meet for a financial review at least annually.

Annually we encourage our clients to prepare an unaudited update to their Net Worth and Cash Flow statements. Although we believe this is an effective financial management tool, there is no client requirement.

#### **Review Triggers**

Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a Client's personal circumstances.

#### **Regular Reports**

Clients receive a monthly and/or quarterly statement furnished by their custodian. When requested, ACM may also provide a portfolio review containing much the same information. Such information typically includes holdings, cost data, current market values and yield/income estimates.

Those Clients to whom ACM provides financial planning and/or consulting services will receive reports from ACM summarizing its analysis and conclusions as requested by the Client or otherwise agreed to in writing by ACM.

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

#### **Client Referrals**

ACM receives referrals from Clients, Strategic Partners and Solicitors.

A Strategic Partner is a general term used to refer to any professional who works with ACMs clients. We apply the term Strategic Partners to professionals (CPA's, Attorney's, Insurance Agents) that we see as valuable business partners. These are individuals and firms that have and continue to refer clients to us as well as receive client referrals from us. Our multi-disciplinary approach to wealth management requires the coordination of many disciplines and having these Strategic Partners as a resource is imperative to the long term financial success of our clients.

Clients and Strategic Partners who refer clients to ACM are not compensated by ACM for the favor of their referral.

A Solicitor is a specific term referring to a Strategic Partner who is compensated by way of a fee share. Our Solicitors are Massachusetts licensed Certified Public Accountants. If a Client is introduced to ACM by a solicitor, that solicitor will receive a referral fee equivalent to 20% of the customary fee charged to any ACM client. See ACMs fee schedule.

A solicitor's primary role is to introduce and assist each Solicited Client in establishing a relationship with ACM which will include introducing prospective Clients and providing information to those prospective Clients about ACM.

Inasmuch as a client is solicited to utilize the advisory services of ACM, an investment adviser registered with the Securities and Exchange Commission under Section 203 of the Investment Advisers Act of 1940 ("Advisers Act"), the client will be provided the following information as required under Rule 206(4)-3 of the Advisers Act:

- The Solicitor and ACM have entered into a written agreement whereby the Solicitor has undertaken to contact those persons and organizations whom he/she believes may wish to utilize the investment advisory services of ACM, and to recommend to such persons that they entertain a proposal for such services by ACM. In return for the Solicitor's services under this agreement, ACM has agreed to compensate the Solicitor with a cash referral fee based upon a percentage of the investment advisory fees actually received from the clients who have been referred to ACM by the Solicitor and who subsequently become clients of ACM. The agreement provides that the Solicitor will receive a portion of the advisory fee for so long as ACM continues to manage the portfolio(s) or other assets of the client.
- The Solicitor will assist ACM in developing client relationships, and where appropriate maintain continuing contact with the clients so introduced to ensure that the clients are fully satisfied with their relationship with ACM and with the investment advisory services received from ACM.
- The Solicitor is not an officer, director or other employee of ACM and does not render any investment advice on behalf of ACM. The Solicitor's services to ACM consist solely of referrals of prospective clients and related activities pursuant to the agreement described above. The Solicitor is not authorized to act in any way on behalf of ACM except in connection with his/her solicitation activities and is not authorized to enter into any agreement or undertaking on behalf of ACM with any person(s) or organization(s).
- No person or organization solicited by the Solicitor on behalf of ACM who subsequently becomes a client of ACM will be charged for the solicitation activities of the Solicitor. All referral fees paid to the Solicitor represent a portion of the fees actually charged by ACM for investment advisory services on behalf of the client. There is no differential between the amount or level of investment advisory fees which ACM will charge for managing your account in excess of that which it would customarily charge for managing any other new client with similar assets and which was not referred to ACM by the Solicitor.

The solicited party will sign an Acknowledgment, acknowledging receipt from the Solicitor of a copy of the Advisor/Solicitor Client Disclosure and a copy of Part 2 of ACM's Form ADV. The solicited party also understands that by signing the Acknowledgment of Receipt, he/she has not entered into any agreement for investment advisory services with ACM. Such services are available only pursuant to a separate Written Agreement between ACM and the Client.

### **Other Compensation**

As disclosed under the *Fees and Compensation* section in this brochure, persons providing investment advice on behalf of our firm are registered representatives with Purshe Kaplan Sterling Investments, a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. For information on the conflicts of interest this presents, and how we address these conflicts, refer to the *Fees and Compensation* section.

Additionally, persons providing investment advice on behalf of our firm are licensed insurance agents. For information on the conflicts of interest this presents, and how we address these conflicts, refer to the *Fees and Compensation* section.

## **Item 15 Custody**

All assets are held at a qualified custodian, which means the custodian provides account statements, trade confirmations and other account communications directly to Clients at their address of record at least quarterly.

As paying agent for our firm, your independent custodian will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other qualified custodian. You will receive account statements from the qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy. We will also provide statements to you reflecting the amount of advisory fee deducted from your account.

You should compare our statements with the statements from your account custodian(s) to reconcile the information reflected on each statement. If you have a question regarding your account statement, or if you did not receive a statement from your custodian, please contact us directly at the telephone number on the cover page of this brochure.

## **Item 16 Investment Discretion**

ACM accepts discretionary authority to manage securities accounts on behalf of Clients. ACM has the authority to determine, without obtaining specific Client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold.

The Client approves the custodian to be used and the commission rates paid to the custodian. ACM does not receive any portion of the transaction fees or commissions paid by the Client to the custodian on certain trades.

Discretionary trading authority facilitates placing trades in your accounts on your behalf so that we may promptly implement the investment policy that you have approved in writing.

## **Item 17 Voting Client Securities**

ACM may vote proxies on securities on behalf of Clients. ACM has adopted a general policy to vote proxy proposals, amendments, consents, and resolutions relating to investments held in Client accounts in a manner that serves the best interests of the Client and the value of their investments. A copy of our Proxy Voting Policies and Procedures is available upon request.

## **Item 18 Financial Information**

ACM does not have any financial impairment that will preclude ACM from meeting contractual commitments to Clients.

## **Item 19 Requirements for State-Registered Advisers**

We are an SEC registered firm and, therefore, this section does not apply.

## **Item 20 Additional Information**

### **Your Privacy**

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any nonpublic personal information about you to any nonaffiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact our main office at the telephone number on the cover page of this brochure if you have any questions regarding this policy.

### **Trade Errors**

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account. If a trade error results in a profit, you will keep the profit.

### **Class Action Lawsuits**

ACM does not advise or act for Clients in any legal proceedings, including bankruptcies or class actions, involving securities held or previously held by the account or the issuers of these securities.