



## Form ADV, Part 2A

March 31, 2021

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This brochure provides information about the qualifications and business practices of Austin Atlantic Asset Management Co. If you have any questions about the contents of this brochure, please contact us at (800) 327-6190. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Registration with the SEC does not imply any particular level of skill or training. Additional information about Austin Atlantic Assets Management Co. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **ITEM 2: Material Changes**

Our brochure has been revised since our last annual update of our Form ADV, Part 2A (“brochure”), dated May 11, 2021.

Changes that may be considered material are as follows:

- Effective February 26, 2021, the AMF Board of Trustees approved the transfer of the AAAMCO Ultrashort Financing Fund sub advisory agreement with Treesdale Partners (“Treesdale”) to FolioBeyond, LLC, a Delaware limited liability company (“FolioBeyond”). FolioBeyond and Treesdale are affiliated entities under common control, and FolioBeyond is registered as an investment adviser under the Investment Advisers Act of 1940. Because Treesdale and FolioBeyond are under common control, this transfer will not result in a change of control or management, and thus does not constitute an “assignment” of the Investment Sub advisory Agreement under the Investment Company Act of 1940, as amended. Effective April 30, 2021, AAAMCO will no longer maintain office space at 1345 6<sup>th</sup> Avenue, Suite 2302, New York, NY. AAAMCO was a sub-tenant to the lessor of this space, and the lessor will not be renewing their lease on that date. AAAMCO is currently reviewing alternative locations in New York for its operations and intends to work remotely until such space is leased.

Our brochure may be requested by contacting us at (800) 327-6190. We may update this brochure at any time.

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#### **Item 4: Advisory Business**

Austin Atlantic Asset Management Co. (“AAAMCO” or the “Firm”) is a wholly owned subsidiary of Austin Atlantic Inc., a closely held corporation majority-owned by Rodger D. Shay, Jr. The Firm was formed in 1981. As of December 31, 2020, the Firm managed \$476,803,896 in assets on a discretionary and \$49,169,000 on a non-discretionary basis.

##### *Mutual Fund Services*

AAAMCO provides discretionary advisory services to Asset Management Fund Trust Funds (“AMF”) The Firm provides investment advice with respect to large cap value equity securities and fixed-income securities, which include mortgage- related securities, U.S. government and agency securities, collateralized mortgage obligations, repurchase agreements, and other money market instruments. Many of AAAMCO’s fixed- income products and services are designed to meet the needs of financial institutions. Certain portfolios of the Trust specifically limit their investments to those that are eligible for purchase by national banks and credit unions.

On November 29, 2016, the Trust filed a Registration Statement with the Securities and Exchange Commission for a new mutual fund under the AMF family of mutual funds called the AAAMCO Ultrashort Financing Fund. The Fund seeks to achieve its investment objective by investing primarily in a portfolio of repurchase agreements. The Ultrashort Financing Fund commenced operations on June 7, 2017 and as of December 31, 2020 has \$432,44,902 in net assets.

##### *Consulting Services.*

AAAMCO also provides ad hoc credit analysis, consulting and investment accounting services for repurchase agreements and securities investing to institutional clients on a non-discretionary basis.

##### *Other Business- Separate Accounts*

AAAMCO provides separate account investment management for all for its’ investment services. Services provided can be performed on a discretionary or non-discretionary basis. As of December 31, 2020, the firm has \$49, 169, 000 in a single discretionary separate account.

The firm’s allocation policy provides for equitable distribution between all investment strategies with common investment guidelines.

## **Item 5: Fees and Compensation**

### **Mutual Fund Clients**

AAAMCO serves as investment adviser to funds in AMF Trust, a registered open-end investment company with five (5) portfolios. The fees charged to AMF by AAAMCO are based upon a percentage of each portfolio's average daily net assets, computed daily and payable monthly. The fee schedule with respect to fees paid by AMF to AAAMCO is as follows:

	<b>Assets</b>	<b>Annual Rate</b>
<b>AMF Large Cap Equity Fund</b>	Up to \$250 million	0.65%
	Over \$250 million	0.55%
<b>AAAMCO Ultrashort Financing Fund</b>		0.30%

The total fees for the Ultrashort Financing Fund charged by AAAMCO are capped at 0.30% per the Fund's Investment Advisory Agreement. AAAMCO currently has voluntary fee waiver in place for the AAAMCO Ultrashort Financing Fund but may eliminate this waiver at any time.

### ***Consulting Clients***

AAAMCO provides credit analysis, consulting and investment accounting services to institutional clients on a contractual basis. Consulting services generally are provided with respect to mortgage-related securities, repurchase agreements, and cash investing strategies. In addition to AAAMCO's consulting fees, clients will generally be responsible for ancillary fees to provide such services, such as custody fees, brokerage and other transaction costs. AAAMCO's consulting fee for clients is generally 0.05% - 0.10% of assets invested, although these fees are generally negotiated on a case-by-case basis. Solicitors for this service are generally paid 20% - 40% of the consulting fee.

### ***Cash Management Clients***

In the past, AAAMCO has managed separate accounts that focused on cash management strategies and actively utilized repurchase agreements and other short-term investments as the primary investment. AAAMCO continues to offer this service and expects that additional client activity will be developed in the near future. AAAMCO's investment advisory fee for clients in relation to its cash management program is generally 0.05% - 0.15% of assets invested, although

these fees are generally negotiated on a case-by-case basis. AAAMCO may negotiate or waive fees. In addition to AAAMCO's fee, clients will generally be responsible for ancillary fees to provide such services, such as may pay custody fees and other transaction fees based on the unique circumstances of each contractual arrangement and requirements. Solicitors for this service are generally paid 20% - 40% of the consulting fee.

### *Early Buyout Investment Strategies*

AAAMCO has developed an investment strategy centered around the purchase and/or financing of FHA Early Buyout ("EBO") loans. EBOs are FHA loans that have become delinquent or are in forbearance for at least ninety days. The servicer of the loan has the option to buy the loan out of its GNMA pool, and if they choose to do so, work with the mortgagor to determine if the loan can be made current, modified, or needs to be foreclosed. However, current government policy provides forbearance from foreclosure for delinquent borrowers through June 30, 2021, so the workout process for delinquent EBO loans has been delayed. Since many GNMA servicers are not banks, they lack access to funding to control EBO loans through the loan resolution process. AAAMCO's EBO Strategy seeks to raise investment capital from third-party investors to fund these non-bank mortgage servicers. Currently, this investment service is offered solely as an institutional separate account and AAAMCO has signed Solicitation Agreements with a number of representatives to source Investors. AAAMCO expects to charge an advisory fee of 0.50% - 1.00% and expects to pay Solicitors 20% of this fee for their services.

### **Item 6: Performance---Based Fees and Side---by---Side Management**

AAAMCO does not receive performance-based fees for any of its investment advisory services.

### **Item 7: Types of Clients**

AAAMCO generally provides investment advice to institutional investors, including banks, thrift institutions, credit unions, investment companies, family offices, endowments, insurance companies, and pension plan sponsors. With respect to non-investment company accounts, AAAMCO generally imposes a \$50 million-dollar account minimum for the provision of investment supervisory services. The account minimum is a general guideline and may vary depending on style considerations at the sole discretion of AAAMCO.

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

AAAMCO's fixed income securities analysis methods include fundamental analysis as well as quantitative and computational models to analyze investment relative value and risk. AAAMCO has hired S2 to sub-advise the AMF Large Cap Equity fund and relies on their blended quantitative and fundamental investment process for all security selection decisions. AAAMCO currently offers large cap equity and fixed-income investment strategies, each of which, along with the material risks involved, is described below. Investing in securities involves risk of loss that clients should be prepared to bear. For the Ultrashort Financing Fund, AAAMCO uses a sub-advisor, FolioBeyond LLC, to develop risk analytics that assist the manager in quantifying market and

securities risks. These analytics are developed independently from AAAMCO and are reported to the fund's portfolio management team and custodian for compliance purposes.

The material risks set forth below are qualified in their entirety by the more detailed risk disclosure in the applicable product's offering materials.

#### *Large Cap Blend Investment Strategy*

**Market Risk** – Market prices of securities held by a client may fall rapidly or unpredictably due to a variety of factors, including changing economic, political or market conditions.

**Large-Capitalization Stock Risk** – The stocks of large-capitalization companies may trail the returns of investments in stocks of smaller companies.

**Stock Risk** – Individual stocks may perform differently from the market as a whole and may be undervalued by the market for a long period of time.

**Analytical Risk**- the investment process relies on a number of statistical and quantitative models, which may not adequately identify attractive investments, or the investment process may not function as intended due to programming or user input errors.

#### *Fixed-Income Investment Strategy*

The Firm's fixed income strategies generally seek to minimize capital risk by focusing on short duration investment products and services. The Firm emphasizes U.S. government, mortgage-related securities, and other highly rated fixed income securities repurchase agreements collateralized by these securities.

The material risks involved in the fixed-income investment strategies include but are not limited to:

**Market Risk** – Market prices of securities held by a client may fall rapidly or unpredictably due to a variety of factors, including changing economic, political or market conditions.

**Interest Rate Risk** – Generally, the market value of fixed-income securities moves inversely with interest rate movements. In other words, if interest rates rise, the prices of fixed -income securities tend to decline. If interest rates decline, the prices of fixed-income securities tend to increase. This inverse relationship may cause the net asset value of fixed income funds to decline/rise when interest rates rise/fall.

**Credit Risk** – Fixed-income securities carry the risk of default, which means that the issuer is unable to make additional income and principal payments. Currently, none of our fixed income mutual funds may own non-government backed securities, thereby limiting potential losses to the premium above par. However, counterparties that provide transactional services to the fund,

such as broker-dealers, and counterparties to whom the funds may provide repurchase agreement financings, do carry credit risk. The Credit Committee of the Firm provides a review and approval process for all such counterparties.

**Call and Prepayment Risk** – Some fixed-income securities include a provision that allows the issuer to call, or repay, the outstanding debt early. Residential mortgages, which back the securities held by the funds, are a form of debt that can be called and prepaid by the mortgagor before the stated maturity. If interest rates drop low enough, the issuer of the fixed-income security and/or mortgagor can save money by repaying its callable debt and issuing new debt at lower interest rates. Improving borrower credit, or rising home prices, may also lead to faster prepayments. In these situations, your interest payments cease, and principal may be paid early.

Securities values at a premium to par will experience a capital loss when prepayments increase. The re-investment of proceeds into newly issued fixed-income securities may include a lower coupon rate, more consistent with prevailing interest rates. This will lower monthly interest payments.

**Liquidity Risk** – Regulatory changes since 2008 have reduced the liquidity in the secondary, over-the-counter markets for many forms of fixed income securities, including mortgage-backed securities. These manifests itself in wider bid-ask spreads for trading securities, which may increase trading costs.

**Repurchase Agreement Risk** - Repurchase agreements expose the Fund to the risk that the counterparty to the Fund defaults on its obligation to repurchase the underlying instruments collateralizing the repurchase agreement or is unable to provide additional eligible securities as margin when required by the Fund. In this circumstance, the Fund could lose money if it cannot sell the underlying instruments above the purchase price

**Valuation** - The Fund will obtain third party market valuations for all securities owned by the Fund or used as collateral in repurchase agreements. Fair value pricing, if used, is inherently a process of estimates and judgments. Fair value prices established by the Fund may fluctuate to a greater degree than securities for which market quotes are readily available and may differ materially from the value that might be realized upon the sale of the security. There can be no assurance that the Fund could purchase or sell a portfolio of investments at the market or fair value price used to calculate the Fund's net asset value, or that the market or fair value price used to value the collateral held in a repurchase agreement represents the price at which the collateral can be liquidated.

#### **Item 9: Disciplinary Information**

There are no legal or disciplinary events that are material to the evaluation of our advisory business or the integrity of our management.



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

AAAMCO is under common control with a registered broker-dealer, Austin Atlantic Capital Inc. ("AACI"). AACI is the distributor of the AMF funds managed by the Firm and shares of the Fund are sold primarily to clients of AACI, which consist of institutional clients including banking and financial institutions. AACI also refers its clients to AAAMCO for the Repo management program. The majority owners of AAAMCO also own and control a national savings bank, Anthem Bank & Trust ("Anthem"). Advisory clients, other than the AMF Funds, may also be clients of the bank with respect to separate products offered by Anthem. Anthem does not serve as custodian to AAAMCO's advisory business.

Sean Kelleher, the firm's President and Chief Strategist, and John Williams, Senior Vice President, are associated with Austin Atlantic Capital Inc. as a Registered Representative qualified by Series 7 and 24. We do not believe this represents a conflict of interest because Mr. Kelleher and Mr. Williams perform certain operations related management tasks and is qualified to meet with institutional investors as he is actively registered to discuss the funds.

Kevin A. Rowe, the firm's Chief Compliance Officer and another contractor, serve as outsourced Compliance Officers. We do not believe that the relationship creates a conflict with AAAMCO because Rowe is neither a control person or manages investments with any FINRA registered Broker-Dealers or State or SEC Registered Investment Advisors. Mr. Rowe is founder and President of LibScor Associates, Inc., which provides Compliance, Anti-Money Laundering, and Financial Operations consulting services.

AAAMCO is not registered with the U.S. Commodity Futures Trading Commission or National Futures Association.

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

AAAMCO has adopted a Code of Ethics in accordance with Rule 204A-1 under the Investment Advisors Act of 1940, as amended, and Rule 17j-1 under the Investment Company Act of 1940, as amended. The Code of Ethics sets forth standards of business conduct applicable to AAAMCO's supervised persons and requires the reporting and review of personal securities transactions of access persons.

AAAMCO's Code of Ethics includes various reporting and pre-approval requirements and certain trading restrictions in order to prevent actual or potential conflicts of interest with transactions recommended to clients. The Code of Ethics applies not only to transactions by the individual, but also to transactions for accounts in which such person has a beneficial interest. Compliance with the Code of Ethics is a condition of employment. In addition, AAAMCO has adopted certain policies and procedures concerning the misuse of material non-public information that are designed to prevent insider trading by employees of the Firm. A copy of the Code will be made available to any client or prospective client upon request by calling AAAMCO's Chief Compliance Officer at (305) 507-1536.

AACI or its representatives may refer its broker-dealer clients to AAAMCO for advisory services. Likewise, AAAMCO may recommend the services of AACI to its' clients for whom it provides services. Consulting and administrative services do not include investment supervisory services and AAAMCO does not have investment discretion or trading authority over referrals, who may request services offered that generates referral fees to AACI.

AAAMCO does not affect transactions for its own account.

## **Item 12: Brokerage Practices**

### **Best Execution and Trade Allocation**

In placing orders, AAAMCO generally seeks to obtain the best combination of price and trading services and uses its best judgment in allocating transactions. In selecting broker-dealers to effect securities transactions for clients, AAAMCO selects broker-dealers that it believes are financially responsible, will effectively and efficiently execute, report, clear and settle the order, provide valuable research, timely and accurately communicate with AAAMCO 's trading desk and operations team and will charge commission rates which, when combined with these services, will produce the most favorable total cost or proceeds for each transaction under these circumstances.

Competitive spreads and commissions are significant considerations in placing transactions with broker-dealers. However, this does not mean that execution decisions must be based solely on whether the lowest possible price or commission costs may be obtained. Best execution means the best overall qualitative execution, not necessarily the lowest possible commission cost.

Fixed-income securities are usually purchased directly from the issuer, from an underwriter or from a dealer that makes a market in such securities. Purchases from dealers serving as market makers may include the spread between the bid and asked prices. Usually, there is no brokerage commission paid in such transactions. The primary considerations are availability and prompt execution of orders in an effective manner at the best price.

AAAMCO's investment services in the financing markets require the development of contractual relationships with counterparties that involve substantial time and legal/regulatory work to execute. The financing markets are also substantially less transparent and centrally organized than the markets for buying and selling fixed income securities. Therefore, while AAAMCO seeks to engage in financing transactions that generate the most attractive risk-adjusted returns for its investors, there is no assurance that AAAMCO will always be able to source and identify all potential borrowers that would be applicable for our financing services. The firm equitably allocates repurchase agreement transactions between the investment strategies that are eligible to engage in this market based on the term of the trade, the collateral backing the repurchase agreement, and the counterparty.

With respect to equity securities, the primary aim in the allocation of portfolio transactions is the attainment of the best combination of price and efficient service. Given the limited amount of AAAMCO's trading volume and focus on large cap, liquid, and exchange-traded securities, we believe that consistently using only one or two dealers to execute transactions provides the best combination of efficient transactions and low-cost commissions. We regularly compare our execution levels and commission rates with to affirm the efficacy of this policy. Portfolio transactions in unlisted securities are executed in the over-the-counter market through principal market makers.

When securities are purchased, the portfolio management team allocates the securities based on the investment requirements and objectives of each fund and/or separately management account that is eligible to purchase the security. These requirements and objectives include relative cash available to invest, the risk posture of each fund relative to its stated and/or targeted levels, and the portfolio management team's expectation concerning future liquidity needs of each fund as well as other variables.

#### *Brokerage Selection, Research and Other Soft Dollar Benefits*

AAAMCO may direct brokerage commissions on client account portfolio transactions to certain broker-dealers consistent with Section 28(e) of the Securities Exchange Act of 1934, in recognition of the value of efficient execution and research and statistical information provided by the selected broker-dealer and/or other third-party providers.

As a general matter, the research and statistical information provided may consist of written reports and presentations analyzing specific companies, analytical and quantitative tools, industry sectors, the financial markets and the economy. Such information may also include reports accessed by computers or terminals, statistical collations and appraisals. The research provided can be either proprietary (created and provided by the broker-dealer, including tangible research products as well as, for example, access to company management or broker/dealer generated research reports) or third-party (created by the third-party, but provided by the broker-dealers). This may cause clients to pay a broker-dealer a commission rate higher than that which the broker-dealer would have charged for execution only. This is known as paying up for soft dollar benefits. These products and services may include advice, either directly or through publications or writings, as to the value of securities, the advisability of investing in, purchasing, or selling securities, and the availability of securities or purchasers or sellers of securities, and analyses and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategy, and the performance of accounts.

In the allocation of brokerage business, AAAMCO may have an incentive to give preference to those brokers that provide research products and services, either directly or indirectly. However, AAAMCO will only do so to the extent the Firm believes that the selection of a particular broker is not inconsistent with its duty to seek best execution. To the extent that AAAMCO is able to obtain products and services through the use of clients' commission dollars, it reduces the need to produce the same research internally or through outside providers for hard dollars and thus provides an economic benefit to AAAMCO. On an ongoing basis, AAAMCO monitors the research

services received to ensure that the services received are reasonable in relation to the brokerage allocated.

If AAAMCO receives a product or service that both aids it in carrying out its investment decision making responsibilities (i.e., a “research use”) and provides non-research related uses, AAAMCO will make a good faith determination as to the allocation of the cost of these “mixed-use items” between the research and non-research uses and will only use soft dollars to pay for the portion of the cost related to its research use.

The research products/services provided by brokers through its soft dollar arrangements benefit AAAMCO’s investment process for client accounts and are used in formulating investment advice for clients of the Firm including accounts other than those that paid commissions to the brokers on a particular transaction. As a result, not all research generated by a client’s trade will benefit that particular client’s account. In some instances, the other accounts benefited will include accounts that clients have directed a portion of their brokerage commissions to go to particular brokers other than those providing the research products/services. AAAMCO does not attempt to allocate the relative costs or benefits of research among client accounts because it believes that, in the aggregate, the research it receives benefits clients and assists AAAMCO in fulfilling its overall duty to its clients.

Last fiscal year, AAAMCO did not engage in any transactions tied to third party soft dollar arrangements.

#### *Brokerage for Client Referrals*

In selecting broker-dealers, AAAMCO does not consider whether it receives client referrals from a broker-dealer or third-party firms.

#### *Aggregation of Client Orders*

Certain investments recommended for an investment company or separately managed account client by AAAMCO may also be appropriate for other clients. Investment decisions are made by AAAMCO on the basis of the investment objectives and needs of the particular client. If transactions are affected for two or more client’s investment company or other clients on the same day, such transactions will be allocated between or among the clients in a manner that AAAMCO deems fair and equitable and, to the extent appropriate, will be aggregated.

#### **Item 13: Client Review of Accounts**

The assigned portfolio manager reviews discretionary accounts on a periodic basis with clients, and the materials provided for that review are based on the unique needs of the client and the investment strategy. The form and frequency of reporting is determined on a case-by- case basis in consultation with the client.

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

AAAMCO utilizes solicitors who may be employees and/or contractors of AACI. These solicitors may be compensated through salaries, bonuses, commissions or a flat fee.

AAAMCO may pay cash referral fees to unaffiliated third parties. In such instances, the referral agreement and the related activities of AAAMCO will be in compliance with Rule 206(4)-3 under the Investment Advisers Act of 1940. This Rule specifies certain standards that must be met by an investment adviser and any person who solicits or refers any client to an investment adviser prior to the payment of a cash fee.

#### **Item 15: Custody**

AAAMCO does not maintain custody of client funds or securities.

#### **Item 16: Investment Discretion**

Mutual Fund Services- AAAMCO may accept discretionary authority to manage securities accounts on behalf of investment company clients pursuant to an investment advisory agreement. AAAMCO may purchase for the portfolios of its investment company clients only securities permitted by the investment policies applicable to a particular portfolio.

Separate Accounts – AAAMCO may perform investment services for separate account clients on a discretionary or non-discretionary basis. AAAMCO may perform discretionary investment services pursuant to an investment advisory agreement. For non-discretionary investment advisory services, AAAMCO may perform these services pursuant to a consulting or non-discretionary investment advisory agreement.

Consulting Services- AAAMCO does not have investment discretion when it provides consulting services.

#### **Item 17: Voting Client Securities**

AAAMCO has the authority to vote proxies for client fixed income securities. S2 has the authority to vote proxies for client equity securities. The following is a summary of AAAMCO's and S2's proxy voting policy and procedures. Clients wishing to receive a copy of the entire policies and procedures or information on how AAAMCO and S2 voted securities in their account should contact AAAMCO's Compliance Department at (305) 507-1536.

It is the policy of AAAMCO and S2 to vote proxies for client securities in the manner most economically beneficial to the client. In general, AAAMCO and S2 will vote against anti-takeover provisions and other actions by management that has the effect of diluting shareholders' interests (both economic and voting). AAAMCO and S2 will vote in favor of dilutive provisions if it deems that such provisions are nonetheless in the best interest of the stockholders, such as when

the provisions improve the shareholders' negotiating positions with potential acquirers.

With respect to situations that pose a potential conflict of interest, AAAMCO's Executive Committee will determine the vote.

**Item 18: Financial Information**

AAAMCO does not believe there is any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.

THIS BROCHURE PROVIDES INFORMATION ABOUT THE QUALIFICATIONS AND BUSINESS PRACTICES OF AUSTIN ATLANTIC ASSET MANAGEMENT CO