

**FIRM BROCHURE**  
(Part 2A of Form ADV)



March 2021

**Alamar Capital Management, LLC**  
**Firm CCO : John Murphy**

200 E. Carrillo, Suite 304  
Santa Barbara, CA, 93101  
Phone: (805) 897-1144

Part 2A of Form ADV (the “Brochure”) provides information about the qualifications and business practices of Alamar Capital Management, LLC. If you have any questions about the contents of this Brochure, please contact us at (805) 897-1144 or [info@alamarcapital.com](mailto:info@alamarcapital.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”), the California Department of Business Oversight, or by any state securities authority.

Alamar Capital Management, LLC is registered as an investment adviser with Securities and Exchange Commission (“SEC”) however, such registration does not imply a certain level of skill or training and no inference to the contrary should be made.

Additional information about Alamar Capital Management, LLC is also available on the SEC’s website at <https://www.adviserinfo.sec.gov/> by searching CRD #154413.

## ITEM 2: MATERIAL CHANGES

Alamar Capital Management, LLC is required to notify clients of any information that has changed since the last annual update of the Firm Brochure ("Brochure") that may be important to them. Clients can request a full copy of our Brochure or contact us with any questions that they may have about the changes.

- Our firm has transitioned from state registration to SEC registration
- Our firm now offers Institutional investment Management services please see item 4 and 5 of this brochure for additional information.
- Our firm has clarified our Retirement Plan Consulting service offering, please see item 4 and 5 of this brochure for additional information.

### ITEM 3: TABLE OF CONTENTS

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## ITEM 4: ADVISORY BUSINESS

Founded in November 2010, Alamar Capital Management, LLC (“ACM” or the “Firm”) is a limited liability company formed under the laws of the State of California and has been in business as an investment adviser since that time. Our firm is wholly owned by L. John Murphy and George Tharakan. Mr. Murphy serves as the Firm’s Chief Executive Officer and Chief Compliance Officer and Mr. Tharakan is the Chief Investment Officer.

### **Types of Advisory Services Offered**

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#### **Retail Investment Management Services (Comprehensive)**

ACM provides ongoing discretionary management services based on the goals, objectives, time horizons, and risk tolerances of each client. For discretionary services, the client (as part of the client agreement with ACM) agrees that ACM will have a limited power-of-attorney to act on a discretionary basis with client funds. The Firm’s discretionary authority will be subject to conditions or restrictions imposed by a client, such as when a client restricts or prohibits transactions in a particular security.

ACM utilizes both in-person meetings and/or telephonic interviews with the clients to gather information regarding each client’s overall investment objectives, goals, and risk tolerance to help determine the appropriate investment strategy for that client. ACM does not and will not assume any responsibility for the accuracy of the information provided by the client.

The Comprehensive aspect of this service will be to provide in addition to asset management, financial planning or consulting services. This service is designed to assist clients in meeting their financial goals through the use of a financial plan or consultation. Upon client request, our firm provides a summary of observations and recommendations for the planning or consulting aspects of this service.

At times, when deemed by ACM to be in the best interest of the client, the Firm will create a customized portfolio for the client. In such instances, investment advice is customizable, with each account managed according to the investment objectives, needs, guidelines, risk tolerance, and other information as provided by the client. Based upon information received from the client, the Firm selects appropriate investment opportunities and invests client assets in various allocations consisting of individual stocks, bonds, ETFs, options, mutual funds and other public and private securities or investments.

#### **Institutional Investment Management:**

Independent investment consulting firms can select the Firm’s strategies for their clients that wish to utilize one or more of the Firm’s investment strategies. The client or the client’s

representative will make the final decision on selecting the Firm and the appropriate strategy for the client.

The Firm is not a custodian of the client's assets. The client always maintains control of his/her assets through the independent, third-party custodian selected by the client. ACM's authority, as defined in its Investment Advisory Agreement, is to implement investment decisions on behalf of the client entities.

The client can engage other professionals (e.g. lawyers, accountants, consultants) to assist them in establishing their financial goals and objectives. The Firm will often meet with the designated parties to review the appropriateness of the investment strategies employed by ACM, but its role is solely that of investment manager implementing the client's investment strategy by buying securities on his/her behalf.

### **Retirement Plan Consulting:**

Our firm provides retirement plan consulting services to employer plan sponsors on an ongoing basis. Generally, such consulting services consist of assisting employer plan sponsors in establishing, monitoring and reviewing their company's participant-directed retirement plan. As the needs of the plan sponsor dictate, areas of advising may include:

- Establishing an Investment Policy Statement – Our firm will assist in the development of a statement that summarizes the investment goals and objectives along with the broad strategies to be employed to meet the objectives.
- Investment Options – Our firm will work with the Plan Sponsor to evaluate existing investment options and make recommendations for appropriate changes.
- Asset Allocation and Portfolio Construction – Our firm will develop strategic asset allocation models to aid Participants in developing strategies to meet their investment objectives, time horizon, financial situation and tolerance for risk.
- Investment Monitoring – Our firm will monitor the performance of the investments and notify the client in the event of over/underperformance and in times of market volatility.
- Participant Education – Our firm will provide opportunities to educate plan participants about their retirement plan offerings, different investment options, and general guidance on allocation strategies.

In providing services for retirement plan consulting, our firm does not provide any advisory services with respect to the following types of assets: employer securities, real estate (excluding real estate funds and publicly traded REITS), participant loans, non-publicly traded securities or assets, other illiquid investments, or brokerage window programs (collectively, "Excluded Assets"). All retirement plan consulting services shall be in compliance with the applicable state laws regulating retirement consulting services. This applies to client accounts that are retirement or other employee benefit plans ("Plan") governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). If the client accounts are part of a Plan, and our firm accepts appointment to provide services to such accounts, our firm acknowledges its fiduciary standard

within the meaning of Section 3(21) or 3(38) of ERISA as designated by the Retirement Plan Consulting Agreement with respect to the provision of services described therein.

### **Participation in Wrap Programs**

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ACM does not participate in any wrap programs at this time.

### **Regulatory Assets under Management**

As of December 31, 2020 ACM manages \$164,852,888 on a discretionary basis.

## **ITEM 5: FEES AND COMPENSATION**

### **Investment Management and Institutional Asset Management Fee**

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#### **ALAMAR EQUITY - ANNUAL FEE SCHEDULE**

Minimum Annual Fee: \$5,000		
Assets Under Management (AUM)		Annual Fee
First	\$ 5 million	1.00%
Next	\$10 million	0.75%
Over	\$15 million	0.50%

#### **ALAMAR DIVERSIFIED - ANNUAL FEE SCHEDULE**

Minimum Annual Fee: \$10,000		
Assets Under Management (AUM)		Annual Fee
First	\$ 1 million	1.00%
First	\$ 4 million	0.75%
First	\$ 5 million	0.60%
Next	\$10 million	0.50%

Retail Asset Management Fees to be assessed will be outlined in the advisory agreement to be signed by the client. Annualized fees are billed on a pro-rata basis quarterly in arrears based on the value of the account(s) on the last day of the quarter. Fees are negotiable and will be deducted from client account(s). Our firm does not offer direct invoicing. As part of this process, Clients understand the following:

- a) The client's independent custodian sends statements at least quarterly showing the market values for each security included in the Assets and all account disbursements, including the amount of the advisory fees paid to our firm;

- b) Clients will provide authorization permitting our firm to be directly paid by these terms. Our firm will send an invoice directly to the custodian; and
- c) If our firm sends a copy of our invoice to the client, a legend urging the comparison of information provided in our statement with those from the qualified custodian will be included.

Institutional Investment Management clients fees are billed quarterly, in arrears, based on the value in the account on the last day of the quarter. Fees are usually deducted from a designated client account to facilitate payment. The client must consent in advance to direct the debiting of his/her investment management account. In a limited number of instances (most often IRAs) the client may choose to pay the fee from an outside account.

Although ACM believes its fees are competitive, clients are hereby advised that lower fees for comparable services could be available from other sources.

#### **Retirement Plan Consulting Fee:**

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Our Retirement Plan Consulting services are billed a fee based on the percentage of Plan assets under management. The total estimated fee, as well as the ultimate fee charged, is based on the scope and complexity of our engagement with the client. Fees based on a percentage of managed Plan assets will not exceed 1%. The fee-paying arrangements will be determined on a case-by-case basis and will be detailed in the signed consulting agreement.

#### **Other Types of Fees & Expenses**

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Clients will incur transaction fees for trades executed by their chosen custodian, via individual transaction charges. These transaction fees are separate from our firm's advisory fees and will be disclosed by the chosen custodian. It is important to note however, that Charles Schwab & Co., Inc. ("Schwab") and TD Ameritrade, Inc. ("TD Ameritrade"), do not charge transaction fees for U.S. listed equities and exchange traded funds.

### **ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Our firm does not charge performance-based fees.

### **ITEM 7: TYPES OF CLIENTS**

#### **A. Description**

ACM provides discretionary investment management services on a continuous basis to individuals, high net worth individuals, trusts, estates, charitable organizations, corporations or other business entities, and qualified and non-qualified retirement and deferred compensation plans.

For retail and institutional investment management services, the Firm generally requires a minimum initial investment of \$500,000 to open an account with the Firm or a minimum fee of \$5000 when assets are allocated in accordance with the ACM Equity model and \$10,000 when invested in the ACM Diversified model; however, the Firm reserves the right to negotiate or waive the initial investment requirement, and accept or decline a potential client for any reason.

There are times when certain restrictions are placed by a client, which prevents ACM from accepting or continuing to manage the account. ACM reserves the right to not accept and/or terminate management of a client's account if it feels that the client imposed restrictions which would limit or prevent it from meeting and/or maintaining its overall investment strategy.

## **ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS**

### **A. Methods of Analysis**

ACM's investment strategy is to identify and invest in undervalued businesses with underestimated growth prospects. Additionally, from time to time, ACM will make opportunistic investments in businesses that are benefiting from, or have been unduly punished by, macro-economic circumstances or market disruptions outside of their control.

The Firm utilizes a bottom-up fundamental approach to investing. The Firm differentiates itself by adhering to a long-term investment time horizon, performing its own in-house research, and looking at a broad universe of companies across traditional capitalization and style spectrums. Typically, the Firm's process results in a portfolio of 35-50 stocks that are selected based on their individual attributes and for the diversity that they provide to the overall portfolio. In addition to this strategy, from time to time ACM will strive to secure further diversity in client accounts through the purchase of exchange traded funds (ETF's), mutual funds, put options, and other managed accounts. Generally, the Firm recommends asset allocations based upon information provided by the client reflecting their particular financial circumstances, investment needs, goals and objectives and risk tolerance. This includes multiple securities asset-classes consisting of stocks, bonds, diversified mutual funds, and/or ETFs and cash equivalents. In these situations, the Firm will use fundamental, technical, or cyclical analysis based upon publicly available research and reports.

Following an investment, ACM will continue to monitor the progress and suitability of portfolio investments as well as market and economic outlook. To help develop its investment recommendations, ACM uses commercially available information services and financial publications dealing with investment research. Such information is obtainable in print, via the internet or by some other means. Issuer-prepared materials (particularly prospectuses) and research releases prepared by third parties are also utilized. ACM also uses research materials prepared by various investment product vendors or custodians. ACM also obtains information by meeting with management, customers, or competitors, attending industry conferences and consulting with experts in the appropriate field.



The investment strategy of ACM is to achieve above-market returns, minimize risk, and preserve capital through an investment and portfolio management process.

## **B. Investment Strategies**

ACM will determine an appropriate portfolio asset allocation utilizing stocks, fixed income securities, ETFs, mutual funds, and/or cash equivalent instruments. Asset allocations are based on each client's investment objectives, risk tolerance, investment guidelines, time horizons, tax status, liquidity requirements, and other important and necessary information provided by the client. ACM will continually monitor each client's investments and asset allocation and make any changes deemed necessary to remain consistent with client objectives.

### **1. Tax Loss Selling**

ACM maintains procedures for executing specific transactions in a client's account for tax reasons. Under these procedures, ACM will generally follow the directions of a client regarding harvesting tax losses or gains, subject to certain scope, amount, and timing limitations. Generally, the directions entail a repurchase of the sold security after the "wash sale" (thirty (30) day) period. Daily market fluctuations can affect the dollar amount of gain or loss with respect to certain investment decisions. The monetary benefit derived from tax loss selling, for example, have the potential to not exceed the risk of not being fully invested during that time. Executing tax sales (and repurchases) can adversely affect performance. ACM is not a tax advisor, and therefore clients should consult with their tax specialist to review their tax situation.

Alamar can invest in exchange traded funds ("ETF's") or other pooled vehicles (including during the wash sale period). ETFs and other funds have certain imbedded costs, including management fees, of which the client account will bear a proportionate share while it is invested in the ETF or other fund.

## **C. Risk of Loss**

Investing in securities involves a significant risk of loss which clients should be prepared to bear. ACM investment recommendations are subject to various market, currency, economic, political and business risks, and such investment decisions will not always be profitable. Clients should be aware that there can be a loss or depreciation to the value of the client's account. There can be no assurance that the client's investment objectives will be obtained and no inference to the contrary should be made.

Past performance is not indicative of future results. Therefore, clients should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds, etc.) involves risk of loss. Further, depending on the different types of investments there can be varying degrees of risk.

Because of the inherent risk of loss associated with investing, the Firm is unable to represent, guarantee, or even imply that our services and 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.

The market value of fixed income securities will generally fluctuate inversely with interest rates and other market conditions prior to maturity. Fixed income securities are obligations of the issuer to make payments of principal and/or interest on future dates, and include, among other securities: bonds, notes and debentures issued by corporations; debt securities issued or guaranteed by the U.S. government or one of its agencies or instrumentalities, or by a non-U.S. government or one of its agencies or instrumentalities; municipal securities; and mortgage-backed and asset-backed securities. These securities can pay fixed, variable, or floating rates of interest, and can include zero coupon obligations and inflation-linked fixed income securities. The value of longer duration fixed income securities will generally fluctuate more than shorter duration fixed income securities.

There is no assurance that a mutual fund or ETF will achieve its investment objective. Past performance of investments is no guarantee of future results.

There are certain additional risks associated with the securities recommended and strategies utilized by ACM including, among others:

- Market Risk – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- Non-diversification risk – The risk of focusing investments in a small number of issuers, industries or foreign currencies, including being more susceptible to risks associated with a single economic, political or regulatory occurrence than a more diversified portfolio might be.
- Equity (stock) Market Risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- Factor Risk – A factor is defined as any variable that contributes risk and/or return to a particular asset or asset class. The strategy employed by the Firm focuses on a portfolio that is biased towards higher earnings growth and price momentum. There involves a risk of focusing on such factors should they fall out of favor and thus limit returns on the Firm's strategy.
- Fixed Income Risk – When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.

- Interest rate risk – The chance that prices of fixed income securities will decline because of rising interest rates. Similarly, the income from fixed income securities can decline because of falling interest rates.
- Reinvestment Risk – The risk that interest and principal payments from a bond will be reinvested at a lower yield than that received on the original bond. During periods of declining interest rates, bond payments can be invested at lower rates; during periods of rising rates, bond payments can be invested at higher rates.
- ETF and Mutual Fund Risk – When investing in an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. You will also incur brokerage costs when purchasing ETFs. ETFs typically trade on a securities exchange and the prices of their shares fluctuate throughout the day based on supply and demand, which will not always correlate to their net asset values. Although ETF shares will be listed on an exchange, there can be no guarantee that an active trading market will develop or continue. Owning an ETF generally reflects the risks of owning the underlying securities it is designed to track. ETFs are also subject to secondary market trading risks. In addition, an ETF will not always replicate exactly the performance of the index it seeks to track for a number of reasons, including transaction costs incurred by the ETF, the temporary unavailability of certain securities in the secondary market, or discrepancies between the ETF and the index with respect to weighting of securities or number of securities held.
- Management Risk – client's investment with the Firm varies with the success and failure of the Firm's investment strategies, research, analysis, and determination of portfolio securities. If the Firm's investment strategies do not produce the expected returns, the value of the investment will decrease.
- Margin Risk – when purchasing securities, the securities can be paid for in full, or it is possible to borrow part of the purchase price from the client's account custodian or clearing firm. If borrowing funds in connection with the client account, the client will be required to open a margin account, which will be carried by the clearing firm. The securities purchased in such an account are the clearing firm's collateral for its loan to the client. If those securities in a margin account decline in value, the value of the collateral supporting this loan also declines, and as a result, the brokerage firm is required to take action in order to maintain the necessary level of equity in the account. The brokerage firm can issue a margin call and/or sell other assets in your account. It is important that each client fully understand the risks involved in trading securities on margin, which are applicable to any margin account that the client maintains. These risks include the following:
  - The client can lose more funds than deposited in the margin account;
  - The account custodian or clearing firm can force the sale of securities or other assets in the account;
  - The account custodian or clearing firm can sell the client's securities or other assets without contacting the client;

- The client is not entitled to choose which securities or other assets in the margin account will be liquidated or sold to meet a margin call;
- The account custodian or clearing firm can move securities held in a cash account to the margin account and pledge the transferred securities;
- The account custodian or clearing firm can increase its “house” maintenance margin requirements at any time and they are not required to provide the client advance written notice; and/or
- The client is not entitled to an extension of time on a margin call.
- Opportunity Cost Risk –The risk that an investor can forego profits or returns from other investments.
- Options Risk – below are some of the main risks associated with investing in options:
  - When writing covered call options to produce income for a client’s account, there can be times when the underlying stock is “called” (call option contract exercised or assigned) by the investor that purchased the call option. That means the client would be required to sell the underlying security at the exercise (pre-determined) price to that investor.
  - Clients can be required to open a margin account in order to invest in options, which carries additional risks (see above for details) and would result in margin interest costs to the client.
  - Option positions can be adversely affected by company specific issues (the issuer of the underlying security) which can include but are not limited to bankruptcy, insolvency, failing to file with regulatory bodies, being delisted, having trading halted or suspended, corporate reorganizations, asset sales, spin offs, stock splits, mergers and acquisitions. In addition, market related actions, political issues, and economic issues can adversely affect the option market. These factors could restrict, halt, suspend, or terminate option positions written (sold) or purchased.
  - Changes in value of the option will not always correlate with the underlying security, and the account could lose more than principal amount invested.
  - Options involve risk and are not suitable for all clients. Therefore, a client should read the option disclosure document, “Characteristics and Risks of Standardized Options”, which can be obtained from any exchange on which options are traded, at [www.optionsclearing.com](http://www.optionsclearing.com), or by calling 1-888-OPTIONS, or by contacting your broker/custodian.

## 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

Mr. Crawshaw, in his individual capacity, serves as President and CEO of Church Street Advisors, LLC (“CSA”). CSA is an Illinois general purpose LLC. Christopher Crawshaw is the sole employee and shares in the profits and losses of the firm. CSA provides project based consulting in the area

of marketing and business strategy. Clients of CSA may be involved in the investment industry however at no time is CSA offering investment advice or counsel. This outside business activity presents a conflict of interest to the extent that Mr. Crawshaw's multiple roles can take time away from their investment advisory responsibilities. In order to mitigate this conflict of interest Mr. Crawshaw will at all times act in the clients best interest.

## **ITEM 11: CODE OF ETHICS, PARTICIPATION, OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **A. Description of Code of Ethics**

ACM is a fiduciary who owes its clients undivided loyalty. This fiduciary obligation imposes upon ACM and its associated persons a duty to deal fairly and to act in the best interest of its clients. In addition, this obligation imposes upon ACM and its associated persons numerous responsibilities, including the duty to render disinterested and impartial advice; to make suitable recommendations within the context of the total portfolio to clients in light of their needs, financial circumstances and investment objectives; to exercise a high degree of care to ensure that adequate and accurate representations of its business and other information about securities are presented to clients; and to not engage in fraudulent, deceptive or manipulative practices.

To this end, ACM has adopted a Code of Ethics ("Code") which establishes standards of conduct for the Firm's supervised persons and includes general requirements that such supervised persons comply with their fiduciary obligations to clients and applicable securities laws, and specific requirements relating to, among other things, personal trading, insider trading, conflicts of interest and confidentiality of client information.

ACM's associated persons do not transact in the same securities for personal accounts as they are permitted to buy or sell for client accounts; however, ACM has adopted personal securities transaction policies in its Code, which all current and future ACM associated persons must follow. Specifically, the Code requires personnel to report personal trades and holdings and prohibits or requires pre-clearance for certain trades in certain circumstances. The Code also contains procedures for reporting violations and enforcement. The Code is reviewed and distributed to personnel annually. ACM will provide a copy of its Code of Ethics to any client or prospective client upon request. Please contact ACM at (619) 559 - 9097.

### **B. Participation or Interest in client Transaction**

It is ACM's policy not to enter into any principal transactions or agency cross transactions on behalf of client accounts. Principal transactions occur where an adviser, acting as principal for its own account, buys securities from or sells securities to any advisory client. Agency cross transactions occur where a person acts as an investment adviser in relation to a transaction in which the adviser, or an affiliate of the adviser, acts as broker for both the advisory client and for another person on the other side of the transaction.

ACM or individuals associated with ACM are not permitted to buy or sell for their personal account(s) securities or investment products identical to those recommended to or already owned by clients. Additionally, ACM will not cause clients to buy a security in which ACM or such individuals have an ownership position. Nevertheless, to mitigate potential conflicts, ACM has adopted a Code of Ethics, which outlines the procedures regarding personal trading that must be followed (see details below). Additionally, as part of ACM's fiduciary duty to clients, ACM, and its supervised persons will endeavor at all times to put the interests of the clients first and at all times are required to adhere to ACM's Code of Ethics.

### **C. Personal Trading**

ACM employees are permitted to buy for their own accounts, securities which ACM also recommends to clients; buy or sell securities or other instruments that ACM has recommended to client; or engage in transactions for their own account in a manner that is consistent with ACM's recommendations to a client. Personal securities transactions by employees raise potential conflicts of interest when such persons trade in a security that is owned by, or considered for purchase or sale for, a client.

In order to mitigate this conflict of interest and to comply with all applicable laws and regulations, ACM's Code of Ethics sets forth the professional and fiduciary standards that all associated persons must follow. The Firm's intention is to protect client interests at all times and to demonstrate ACM's commitment to its fiduciary duties of honesty, good faith, and fair dealing with clients. All associated persons are expected to adhere strictly to the policy and are required to follow specific procedures regarding personal trading, including:

- Adhere to the fundamental standard that employees should not take inappropriate advantage of their position;
- Conduct all personal securities transactions in a manner consistent with the adopted policy;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities; and
- Comply with applicable provisions of the federal securities laws.

ACM and its Associated Persons cannot buy or sell specific securities for their own accounts based on personal investment considerations, which ACM does not deem appropriate to buy or sell for clients.

## **ITEM 12: BROKERAGE PRACTICES**

ACM has entered into a relationship with TD Ameritrade, Inc. ("TDA") and Charles Schwab & Co. ("Schwab") to serve as custodian and executing broker/dealer for asset management accounts. In some cases, clients can choose to select another qualified custodian to execute asset

management transactions. ACM requires that clients select and direct the custodian as the sole and exclusive broker/dealer to execute transactions for asset management accounts.

#### **A. Best Execution**

While ACM strives to achieve the best execution possible for client securities transactions and believes that these custodians have execution procedures that are designed to obtain the best execution possible, there can be no assurance that best execution can be obtained. By selecting a particular custodian, there is the potential for clients to not achieve the most favorable execution. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the overall best qualitative execution, taking into consideration the full range of a broker-dealer's services, including among others, net price, reputation, financial strength and stability, efficiency of execution and error resolution, the size of the transaction and the market for the security. Consistent with the foregoing, while ACM will seek competitive rates, it does not mean ACM will necessarily obtain the lowest possible commission rates for client transactions.

To ensure that brokerage firms selected by ACM are conducting overall best qualitative execution, ACM will periodically (and no less often than annually) evaluate the trading process and brokers utilized. This evaluation will include, but is not limited to price, commission, timing, research, aggregated trades, capable floor brokers or traders, competent block trading coverage, ability to position, capital strength and stability, reliable and accurate communications and settlement processing, use of automation, knowledge of other buyers or sellers and administrative ability.

TD Ameritrade and Schwab generally do not charge ACM client accounts separately for custody services but can be compensated by charging you commissions or other fees on trades that it executes or that settle into your TD Ameritrade or Schwab account. For some accounts, TD Ameritrade or Schwab will charge you a percentage of the dollar amount of assets in the account in lieu of commissions. TD Ameritrade and Schwab's asset-based fees applicable to ACM client accounts were negotiated based on our commitment to maintain ACM client assets in accounts at TD Ameritrade or Schwab. This commitment benefits you because the overall commission rates and asset-based fees you pay are lower than they would be if ACM had not made the commitment. In addition to commissions, or asset-based fees Schwab charges a flat dollar amount as a "trade away" fee for each trade that ACM executes by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into a Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize trading costs, ACM exclusively uses TD Ameritrade or Schwab to execute trades for your account.

We seek to make available only custodians who will hold client assets and execute transactions on terms that we feel are most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, but not limited to the following:

- Combination of transaction execution services along with asset custody services (generally without a separate fee for custody).
- Capability to execute, clear, and settle trades (buy and sell securities for your account).
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.).
- Breadth of investment products made available (stocks, bonds, mutual funds, exchange traded funds ("ETF"s), etc.).
- Availability of investment research and tools that assist us in making investment decisions.
- Competitive pricing of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them.
- Reputation, financial strength, and stability of the provider.
- Their prior service to us and our clients.
- Availability of other products and services that benefit us, as discussed below.

Our firm also receives services such as research and administrative functions including portfolio pricing, account statement generation and fee calculations, software and other technology that provide access to client account data, and attendance at conferences, meetings and other educational and/or social events. These services are intended to support our firm in conducting business and in serving the best interests of our clients. Our firm does not receive client brokerage commissions (or markups or markdowns) in exchange for research or other products or services. Our recommendation of a qualified custodian to our clients is based on our clients' interests in receiving the best execution and the level of competitive, professional services that the qualified custodians provide.

## **B. Soft Dollars and Incidental Benefits**

### **1. Benefits of Using TDA as Custodian**

ACM receives from TD Ameritrade, without cost (and/or at a discount), support services and/or products, certain of which assist ACM to better monitor and service client accounts maintained at such institutions. The support services that are obtained by ACM usually include investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by ACM in furtherance of its investment supervisory business operations.

As indicated above, certain of these support services and/or products assist ACM in managing and administering client accounts. Others do not directly provide such assistance, but rather assist ACM to manage and further develop its business enterprise.



The availability of services from TD Ameritrade benefits ACM because we do not have to pay for them. The receipt of these services gives ACM an incentive to require that a client maintain their account with TDA, which creates a conflict of interest. Importantly, ACM's clients do not pay more for investment transactions effected and/or assets maintained at TD Ameritrade as a result of this arrangement. There is no corresponding commitment made by ACM to TD Ameritrade or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement. ACM does not cause clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits. ACM does not receive client referrals from TD Ameritrade or any other broker-dealer/custodian.

ACM's Chief Compliance Officer, L. John Murphy, remains available to address any questions that a client or prospective client have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement creates.

## **2. Benefits of Using Schwab as a Custodian**

Schwab Advisor Services<sup>TM</sup> (formerly Schwab Institutional) is Schwab's business serving independent investment advisory firms like ACM. They provide ACM and our clients with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts while others help us manage and grow our business. Schwab's support services generally are available on an unsolicited basis (i.e., ACM does not have to request them) and at no charge to us as long as we keep a total of at least \$10 million of our clients' assets in accounts at Schwab. Below is a detailed description of Schwab's support services:

*Schwab Services that Benefit You.* Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

*Schwab Services that Perhaps will Not Directly Benefit You.* Schwab also makes available to us other products and services that benefit us but perhaps will not directly benefit you or your account. These products and services assist ACM in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. ACM can use this research to service all, some or a substantial number of our clients' accounts. In addition to investment research, Schwab also makes available software and other technology that:

- provide access to client account data (such as duplicate trade confirmations and account statements);

- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide pricing and other market data;
- facilitate payment of our fees from our clients' accounts; and
- assist with back-office functions, recordkeeping, and client reporting.

*Schwab Services that Generally Benefit Only Us.* Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- educational conferences and events;
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants, and insurance providers.

Schwab will at times provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab also has the option to discount or waive its fees for some of these services or pay all or a part of a third party's fees. In addition, Schwab can provide ACM with other benefits such as occasional business entertainment of our personnel.

ACM's use of Schwab's services stated in the three preceding sections consists of utilizing their access to its institutional brokerage services, including the broad range of investment products, execution of the securities transactions and custody of our client assets. Schwab provides us access to Schwab Advisor Center, which provides us with client account data, facilitates trade execution, pricing and other market data, and facilitates payment of our fees from our clients and other recording keeping functions. ACM does attend some of the education seminars and conferences that Schwab hosts.

### **3. ACM's Beneficial Interest in TDA and Schwab's Services**

The availability of these services from TDA and Schwab benefits us because ACM does not have to produce or purchase them. ACM does not have to pay for TDA and Schwab's services so long as we commit a certain level of client assets in accounts at TDA and Schwab. The asset minimums give ACM an incentive to recommend that you maintain your account with TDA or Schwab based on our interest in receiving TDA or Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest.

ACM believes, however, that our selection of TDA and Schwab as custodians/brokers is in the best interests of our clients. It is primarily supported by the scope, quality, and price of TDA and Schwab's services (based on the factors discussed above) and not TDA and Schwab's services that benefit only us. We do not believe that maintaining certain levels of client assets at TDA or Schwab in order to avoid paying TDA and Schwab quarterly service fees presents a material conflict of interest.

### **C. Trade Aggregation and Allocation**

We perform investment management services for various clients. There are occasions on which portfolio transactions will be executed as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by our firm. Although such concurrent authorizations could be either advantageous or disadvantageous to any one or more particular accounts, they are affected only when we believe that to do so will be in the best interest of the effected accounts. When such concurrent authorizations occur, the objective is to allocate the executions in a manner which is deemed equitable to the accounts involved. In any given situation, we attempt to allocate trade executions in the most equitable manner possible, taking into consideration client objectives, current asset allocation, and availability of funds, using price averaging, proration, and consistently non-arbitrary methods of allocation.

ACM typically aggregates orders. The advantages to aggregating are that the orders are handled in a way that mitigates market impact (as applicable and possible) and that each client gets the same (average) execution price. We can determine not to aggregate transactions, for example, based on the size of the trades, the number of client accounts, the timing of the trades, the liquidity of the securities, and the discretionary or non-discretionary nature of the trades. If orders are not aggregated, some clients purchasing securities around the same time can potentially receive a less favorable price than other clients. This means that the practice of not aggregating can cost clients more money.

### **D. Trade Rotation Policy**

ACM's policy is to provide a fair and equitable method of trade rotation in placing trades for clients' account. To meet this objective, the Firm has established written trade rotation procedures. Generally, ACM utilizes a trade rotation log, which lists the trade rotation schedule for certain client accounts. The log is designed as an internal control to help the Firm ensure that it does not treat client accounts unfairly to the extent reasonably practicable and that no client account (or group of accounts) receives placement priority over any other participating accounts.

### **E. Directed Brokerage**

Under certain circumstances a client can direct ACM to utilize a certain broker-dealer to execute some or all transactions for the client's accounts; however, ACM cannot guarantee that it will receive a favorable price for execution and the client is responsible for negotiating the terms and arrangements for the account with that broker-dealer.

### **F. Brokerage for client Referrals**

The Firm does not directly or indirectly receive client referrals from a broker-dealer or third parties.

## ITEM 13: REVIEW OF ACCOUNTS

### A. Periodic Reviews

Accounts are monitored on an ongoing basis, which includes detailed periodic reviews. The frequency of reviews is at the discretion of ACM, but accounts are typically reviewed not less than quarterly. Accounts are reviewed for performance, consistency with the investment strategy and client objectives, and other account parameters in order to determine if any adjustments need to be made. All reviews are performed by George Tharakan, L. John Murphy, and/or Christopher Crawshaw.

### B. Other Reviews and Triggering Events

In addition to the periodic reviews described above, reviews can be triggered by changes in a client's personal, tax, or financial status. Account holdings also are reviewed when changing market conditions warrant such review. Clients are encouraged to notify the Firm of any changes in his/her personal financial situation that might affect his/her investment needs, objectives, or time horizon.

### C. Regular Reports

Written account statements are generated no less than quarterly and are sent directly from the account custodian. These statements list the account positions, activity in the account over the covered period, and other related information, including any fees deducted from the account. Investment management clients are also sent confirmations following each brokerage account transaction unless confirmations have been waived. Clients are urged to carefully review all account statements.

In addition, clients can receive other supporting reports from mutual funds, trust companies, broker-dealers, or insurance companies based on their involvement with the account and their applicable internal reporting requirements.

## ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

### A. Economic Benefits of Being on the TDA and Schwab Platforms

As discussed under Item 12, ACM recommends that clients establish brokerage accounts with TDA and Schwab to maintain custody of client assets and to effect trades for their accounts. TDA and Schwab make available to ACM certain products and services that benefit ACM but will not benefit its clients' accounts such as educational events, entertainment and other services. This arrangement gives rise to potential conflicts of interest, including the incentive to allocate securities transactional business to TDA and Schwab based on the receipt of such benefits. Please refer to Item 12 above for additional information.

Otherwise, ACM or a related person does not have any arrangement, oral or in writing, where it is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients or directly.

## **B. Compensation for client Referrals**

If a client is introduced to ACM by either an unaffiliated or an affiliated solicitor, ACM will pay that solicitor a referral fee in accordance with the requirements of Rule 206 (4)-3 of the Investment Advisers Act of 1940. Any such referral fee shall be paid solely from ACM's investment management fee, and shall not result in any additional charge to the client.

If the client is introduced to ACM by an unaffiliated solicitor, the solicitor shall provide the client with a copy of ACM's Form ADV Part 2A or other written disclosure brochure which meets the requirements of Rule 206 (4)-3 of the Investment Advisers Act of 1940 and a copy of the solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement including compensation. The solicitor is required to obtain the client's signature acknowledging receipt of LRA's disclosure brochure and the solicitor's written disclosure statement. Any affiliated solicitor of LRA shall disclose the nature of his/her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of ACM's Form ADV Part 2 or other written disclosure brochure at the time of the solicitation. Since in some states, a solicitor is also required to be qualified and registered as an investment adviser representative, ACM has developed internal controls for ensuring its IARs are registered as required.

## **ITEM 15: CUSTODY**

It is ACM's policy to not accept custody of a client's securities. In other words, ACM is not granted access to clients' accounts which would enable ACM to withdraw or transfer or otherwise move funds or cash from any client account to ACM's accounts or the account of any third party (other than for purposes of fee deductions, as explained below). This is for the safety of the clients' assets.

However, with a client's written consent, ACM is provided with the authority to deduct ACM's investment management fees from a client's accounts. Prior to doing so, ACM will receive written authorization from the client to deduct such fees from the account held with the qualified custodian. Each time a fee is directly deducted from a client account, ACM will concurrently (1) send the qualified custodian an invoice or statement of the amount of the fee to be deducted from the client's account; and (2) send the client an invoice or statement itemizing the fee.

Itemization includes the formula used to calculate the fee and the time period covered by the fee. The account custodian does not verify the accuracy of ACM's advisory fee calculation.

All of ACM's clients receive account statements directly from qualified custodians that maintains those assets. The client should carefully review these account statements and compare them to any account reports provided by ACM. ACM urges all of our clients to review and compare

statements in order to ensure that all account transactions, including deductions to pay advisory fees, remain proper, and to contact L. John Murphy, Chief Compliance Officer, with any questions.

## ITEM 16: INVESTMENT DISCRETION

### A. Discretionary Authority; Limitations

ACM has full investment discretion over (1) which securities are to be bought or sold in client accounts; (2) the amount of securities to be bought or sold in client accounts; and (3) when transactions are made. This means that ACM does not have to obtain prior consent from the client when investing client assets. However, such discretion is to be exercised in a manner consistent with each client's stated investment objectives, risk tolerance, and time horizon. In addition, ACM's authority to trade securities can be limited in certain circumstances by applicable legal and regulatory requirements. In some instances, ACM's discretionary authority can be limited by conditions imposed by clients on ACM's discretionary authority, including restrictions on investing in certain securities or types of securities. All such limitations, restrictions, and investment guidelines must be provided to ACM in writing.

### D. Limited Power of Attorney

By signing ACM's Agreement, clients authorize ACM to exercise this full discretionary authority with respect to all investment transactions involving the client's investment management account. Pursuant to such Agreement, ACM is designated as the client's attorney-in-fact with discretionary authority to effect investment transactions in the client's account which authorizes ACM to give instructions to third parties in furtherance of such authority.

## ITEM 17: VOTING CLIENT SECURITIES

All proxies received by our firm will be given to our Chief Compliance Officer or designated person for processing. Our Chief Compliance Officer will determine which accounts managed by our firm hold the security to which the proxy relates. These accounts and their share holdings will be matched to the proxies received for each security. Missing proxies or significant variances in shares held will be investigated.

Our firm seeks to ensure compliance with the new Exchange Act Rule 14a-11. In accordance with the aforementioned rule, our firm provides shareholders with the opportunity to nominate directors at a shareholder meeting under the applicable state or foreign law. Clients also have the ability to have their nominees included in the company proxy materials sent to all of our shareholders. Furthermore, the clients as shareholders also have the ability to use the shareholder proposal process to establish procedures for the inclusion of shareholder director nominations in company proxy materials.

Where voting authority exists, proxies are voted by our firm according to Board recommendations in categories listed below among others unless not deemed to be in the best interests of the client:

- for directors and for management on routine matters;
- for a limit on or reduction of the number of directors, and for an increase in the number of directors on a case by case basis;
- against the creation of a tiered board;
- for the elimination of cumulative voting;
- for independence of auditors;
- for deferred compensation;
- for profit sharing plans;
- for stock option plans unless the plan could result in material dilution to shares outstanding or is excessive;
- for stock repurchases;
- for an increase in authorized shares unless the authorization effectively results in a blind investment pool for shareholders;
- for reductions in the par value of stock;
- for company name changes;
- for routine appointments of auditors.

Our firm abstains on motions to limit directors' liability. Material issues not addressed above (e.g., mergers, poison pills, social investing and miscellaneous shareholder proposals) are dealt with on a case-by-case basis.

Our firm will defer to instruction from clients in all voting matters. Records of all issues and votes are maintained and reported to clients as requested.

Our firm recognizes that under certain circumstances our firm may have a conflict of interest between us and our clients. Such circumstances may include, but are not limited to, situations where our firm or one or more of our affiliates, including officers, directors and employees, has or is seeking a client relationship with the issuer of the security that is the subject of the proxy vote. Our firm shall periodically inform our employees that they are under an obligation to be aware of the potential for conflicts of interest on the part of our firm with respect to voting proxies on behalf of funds, both as a result of our employee's personal relationships and due to circumstances that may arise during the conduct of our business, and to bring conflicts of interest of which they become aware to the attention of the proxy manager. Our firm shall not vote proxies relating to such issuers on behalf of client accounts until our firm has determined that the conflict of interest is not material or a method of resolving such conflict of interest has been agreed upon by our management team. A conflict of interest will be considered material to the extent that it is determined that such conflict has the potential to influence our decision-making in voting a proxy. Materiality determinations will be based upon an assessment of the particular facts and circumstances. If our firm determines that a conflict of interest is not material, our firm may vote proxies notwithstanding the existence of a conflict. If the conflict of interest is

determined to be material, the conflict shall be disclosed to our management team and our firm shall follow the instructions of the management team.

Our Chief Compliance Officer will maintain files relating to our proxy voting procedures. Records will be maintained and preserved for 5 years from the end of the fiscal year during which the last entry was made on a record, with records for the last two years kept on our premises. Records of the following will be included in the files:

- a copy of each proxy statement that our firm receives, provided however that our firm may rely on obtaining a copy of proxy statements from the SEC's EDGAR system for those proxy statements that are available;
- a record of each vote that our firm casts;
- a copy of any document our firm created that was material to making a decision how to vote proxies, or that memorializes that decision;
- a copy of each written client request for information on how our firm voted such client's proxies, and a copy of any written response to any client request for information on how our firm voted their proxies.

Information on how particular proxies were voted may contact our Chief Compliance Officer, John Murphy, by phone at (805) 897-1144 or email at [john@alamarcapital.com](mailto:john@alamarcapital.com).

ACM typically does not advise or act for clients with respect to any legal matters, including bankruptcies and class actions, for the securities held in clients' accounts.

## ITEM 18: FINANCIAL INFORMATION

ACM does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore is not required to provide, and has not provided, a balance sheet. ACM does not have any financial commitments that impair its ability to meet contractual and fiduciary obligations to clients and has not been the subject of a bankruptcy proceeding.