



# ADVISORS CAPITAL MANAGEMENT

## FORM CRS: CUSTOMER RELATIONSHIP SUMMARY

Revised: March 31, 2023

### Introduction

Advisors Capital Management, LLC (“ACM”) is an investment adviser registered with the Securities and Exchange Commission (“SEC”). We are not a broker-dealer. Brokerage and investment advisory services and fees differ and it is important for you to understand these differences. Free and simple tools available to research firms and financial professionals at [www.investor.gov/crs](http://www.investor.gov/crs), which also provides educational materials about investment advisers, broker-dealers, and investing.

### What investment services and advice can you provide me?

ACM offers investment advisory services to retail investors, which primarily include investment management, wealth advisory, financial planning, investment consulting and retirement plan advisory services. If we are providing investment supervisory services to you, we will work with you to develop a personal investment policy and use it to create a portfolio based on your goals and objectives. We will regularly monitor your investments on an ongoing basis, as part of our standard services. Please see to Item 4 of our Form ADV Part 2A for further information.

When we provide investment supervisory services, we manage accounts on a discretionary basis, which means we do not need to call you when buying or selling investments in your account. You will sign an investment management agreement and limited power of attorney giving us this authority. This agreement will remain in place until you or we terminate our relationship. Please see Item 16 of our Form ADV Part 2A for further information.

ACM does not limit our advice and services to proprietary products or a limited menu of products or investments. We do have a minimum account size requirement, depending on the investment strategy(ies) used. Please see Item 7 of our Form ADV Part 2A for further information.

#### Questions to Ask Us:

- Given my financial situation, should I choose an investment advisory service? Why or why not?
- How will you choose investments to recommend to me?
- What is your relevant experience, including your licenses, education, and other qualifications? What do these qualifications mean?

### What fees will I pay?

We are compensated through the advisory fee you pay. Fees and costs affect the value of your account over time and vary depending on certain factors and are negotiable. Please ask our representative to give you personalized information on the fees and costs you will pay. For our investment management services, our maximum fee is 2.0% of the market value of the portfolio, paid in advance on a quarterly basis. Our incentive is to increase the value of your account over time, which will increase our fees over time.

The broker-dealer (“custodian”) that holds your assets can charge you a transaction fee when we buy or sell an investment for you. These transaction fees are in addition to our advisory fee. You could also pay fees charged by the custodian for certain investments and maintaining your account. Some investments, such as mutual funds and exchange traded funds charge additional fees that will reduce the value of your investments over time.

#### Questions to Ask Us:

- Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?

**You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you**



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## ADVISORS CAPITAL MANAGEMENT

**understand what fees and costs you are paying.** Please see to Item 5 of our Form ADV Part 2A for further information.

### What are your legal obligations to me when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?

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When we act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the recommendations and investment advice we provide you.

Here is an example to help you understand what this means: Since the fees we receive are asset-based (*i.e.* based on the value of your account), a conflict of interest exists any time we recommend that you add to, or keep your assets under our management rather than transferring elsewhere. This should be recognized by clients in decisions of increasing or decreasing assets for any reason such as debt consolidation. We also are compensated by unaffiliated firms to provide investment supervisory services to their clients. A comprehensive listing of our conflicts can be found in Items 5,10,12 and 14 of our Form ADV Part 2A Disclosure Brochure, which is available online at <https://adviserinfo.sec.gov/firm/summary/112266>.

#### Question to Ask Us:

- How might your conflicts of interest affect me, and how will you address them?

### How do your financial professionals make money?

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Our financial professionals are compensated with a fixed salary and/or also receive compensation on a portion of the advisory fees that we collect from the accounts each financial professional oversees.

### Do you or your financial professionals have legal or disciplinary history?

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No for our firm. Yes, for our financial professionals. Visit [www.investor.gov/crs](http://www.investor.gov/crs) for a free and simple search tool to research our firm and our financial professionals.

#### Questions to Ask Us:

- As a financial professional, do you have any disciplinary history? For what type of conduct?

### Additional Information

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You can find additional information about our investment advisory services on the SEC's website <https://adviserinfo.sec.gov/firm/summary/112266>. If you would like additional, up-to-date information or a copy of this disclosure, please call us at 201-447-3400 or email [info@advisorscenter.com](mailto:info@advisorscenter.com).

#### Questions to Ask Us:

- Who is my primary contact person?
- Is he or she a representative of an investment adviser or a broker-dealer?
- Who can I talk to if I have concerns about how this person is treating me?



A D V I S O R S   C A P I T A L  
M A N A G E M E N T

**Form ADV PART 2A: *Firm Brochure***

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Updated

March 31, 2023

This brochure provides information about the qualifications and business practices of Advisors Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at 201-447-3400 or [info@advisorscenter.com](mailto:info@advisorscenter.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Advisors Capital Management, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 112266.

## Item 2 Material Changes

Since the last annual filing of this Form ADV Part 2A, dated March 31, 2022, there have been no material changes.

Please note that this section only discussed changes we deem material.

## Item 3 Table of Contents

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#### Item 4 Advisory Business

Advisors Capital Management, LLC (“ACM”) is an SEC-registered investment adviser with its principal place of business located in New Jersey. ACM began conducting business in February 1998. Listed below are the firm's principal shareholders (*i.e.*, those individuals and/or entities controlling **25% or more** of this company).

ACM Holding Trust: Charles Lieberman, Chief Investment Officer

ACM offers the advisory services to its direct clients, as well as clients of unaffiliated registered investment advisers and broker-dealers throughout the United States. This Brochure will reference ACM direct clients as “**Direct Clients**” and clients of unaffiliated registered investment advisers as “**Institutional Clients**” or “**Institutional Management Services**”.

ACM offers the following discretionary portfolio management services:

**ACM Private Accounts** (Uniquely Designed Portfolios of Individual Securities) Minimum account size \$300,000.

**ACM Model Separate Accounts** (Model Portfolios of Individual Securities) Minimum account size \$150,000.

**ACM Model ETF Strategies** (Model Portfolios of Mutual Funds and ETFs) Minimum account size \$50,000

**ACM Pathfinder** (managed mutual fund program with Advisors Capital mutual funds). No investment minimum.

Our investment service levels are geared toward different types of clients and contain varying account minimums and fees. Our investment recommendations are not limited to any specific investment product or service and will generally include advice regarding any one of the following securities:

Exchange-listed securities	Over-the-Counter securities
Foreign issuers	Warrants
Corporate debt securities (other than commercial paper)	Commercial paper
Certificates of deposit	Municipal securities
Mutual fund shares	United States governmental securities
Options contracts on securities	

Because some types of investments involve certain additional degrees of risk, they will only be utilized when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability. During the data-gathering process, the client's individual objectives, time horizons, risk tolerance, and liquidity needs are reviewed. Ultimately the type of account (private or model) and broad investment strategy would be determined. **ACM's investment strategies include:**

**Global Growth:** The Global Growth Strategy is based upon the belief that by emphasizing higher-yielding stocks combined with a core portfolio of niche-focused small-and mid-cap companies, superior investment results can be achieved. The overall portfolio seeks to participate in global stock market advances and protect capital better than competing strategies during stock market declines. This strategy is most suitable for risk tolerant investors with a primary objective of capital appreciation.

**Global Dividend:** The Global Dividend strategy seeks to provide long-term capital appreciation and income by investing in dividend-paying companies located all over the world. The portfolio invests primarily in common stocks and ADRs that regularly pay dividends. Investments are selected based on higher relative dividend yields, dividend growth potential and anticipated stock price appreciation. This globally oriented portfolio is typically diversified across seven to ten sectors. Geographically, the portfolio is diversified across eight or more countries, with the U.S. typically receiving the largest allocation.

**Growth:** This strategy seeks to maximize capital appreciation with no consideration, or even some avoidance, of current income. The strategy invests primarily in common stocks and American depository receipts (ADRs) that offer potential growth opportunities.

**U.S. Dividend (Growth with Income at ETF level):** The ACM U.S. Dividend Portfolio seeks both long-term capital appreciation and income by investing in the common stocks of companies that regularly pay cash dividends with a high proportion of the companies included in the S&P 500 Index.

**Income with Growth:** This strategy emphasizes high current income as its primary objective, with capital appreciation as a secondary consideration. Investments are primarily in a diversified selection of income producing securities, including equities, preferred stocks, bonds and convertible securities.

**International ADR:** The International ADR strategy seeks to provide long-term capital appreciation and income by investing in dividend-paying companies located outside of the United States. The portfolio invests primarily in ADRs that regularly pay dividends. Investments are selected based on higher-relative dividend yields, dividend growth potential and anticipated stock price

appreciation. This internationally oriented portfolio is typically structured with 30 to 50 stocks diversified across seven to 10 sectors. Geographically, the portfolio is diversified across eight or more countries.

**Balanced:** This strategy balances an allocation of equities with a target allocation of fixed income. The equity to fixed income ratio can change with market conditions. The fixed income assets may be taxable or tax exempt depending on the tax status of the account. The equity allocation is an all cap diverse mix of common stocks and other securities.

**Balanced Defensive (Overlay):** An optional overlay for our balanced account that combines a proprietary algorithm with a disciplined portfolio rebalancing strategy based on broad market pricing and overall macro-economic data. As equity markets increase or decrease, ACM Defensive will rebalance to fixed income or equities appropriately. ACM Defensive will determine the level and rate of rebalancing based on the ongoing review of over 20 economic data points which measure trends of weakness and strength in industries and markets.

**Fixed Income:** This strategy seeks capital preservation and may invest in bonds or other stable value securities to achieve this goal. The portfolio may be taxable or tax exempt depending on the tax status of the account.

**Tactical Fixed Income:** Mutual fund strategy seeking capital preservation which invests in ETFs to achieve its goal.

**Small/Mid Cap:** This strategy seeks capital appreciation by maintaining a well-diversified portfolio of primarily profitable small- and mid-cap companies. To minimize liquidity risk, we prefer to avoid companies with a high percentage of institutional ownership and favor companies with more liquidity. The portfolio is monitored to evaluate the fundamental conditions of its holdings and is typically diversified across seven to eight sectors. This strategy is most suitable for risk tolerant investors with a primary objective of capital appreciation.

**Tactical:** This strategy is available at the Private and ETF level. Using a proprietary algorithm overlay that monitors economic conditions, ACM Tactical will move from concentrated high beta ETF or individual securities (private account only) to lower beta holdings as the conditions change. In extreme volatility and perceived economic weakness, the strategy allocation will move to government treasuries. This tactical strategy is for the investor seeking capital appreciation and tactical rebalancing based on ACM's macroeconomic determinations. Tactical portfolios can be less diversified than our typical portfolio as holdings are chosen for tactical purposes.

To ensure that our initial determination of an appropriate portfolio remains suitable and that the account continues to be managed in a manner consistent with the client's financial circumstances, we:

- Contact each participating direct client on an annual basis to determine whether there have been any changes to the client's financial situation or investment objectives, and whether the client wishes to impose investment restrictions or modify existing restrictions.
- Consult with both direct and institutional clients.
- Maintain client suitability information in each client's file.

## **INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT**

### **ACM PRIVATE ACCOUNT STRATEGIES**

ACM provides continuous advice to direct and institutional clients regarding the investment of client funds based on the individual needs of the client. Through personal discussions either directly or through unaffiliated investment advisors, in which goals and objectives based on a client's particular circumstances are established, we create and manage a portfolio based on that policy. During the data-gathering process, we or the independent investment advisor will determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. Ultimately, a broad investment strategy is determined to begin the individual portfolio design process. These private account strategies include;

- **Global Growth**
- **Global Dividend**
- **Growth**
- **U.S. Dividend**
- **Income with Growth**
- **International ADR**
- **Balanced**
- **Balanced Defensive (Overlay)**
- **Fixed Income**
- **Small/Mid Cap**

We manage these advisory accounts on a discretionary basis. Account supervision is guided by the client's stated objectives, as well as tax considerations. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

## **MODEL PORTFOLIO MANAGEMENT**

### **ACM MODEL SEPARATE ACCOUNT STRATEGIES**

#### **ACM MODEL ETF STRATEGIES**

ACM provides portfolio management services to clients using model asset allocation portfolios. Each model portfolio is designed to meet a particular investment goal.

#### **ACM MODEL SEPARATE ACCOUNT STRATEGIES**

Growth  
Small/Mid Cap  
U.S. Dividend  
Income with Growth  
Balanced (multiple allocation choices stock/bond ratio)  
➤ 70/30  
➤ 50/50  
➤ 30/70  
Global Growth  
Global Dividend  
International ADR

#### **ACM MODEL ETF STRATEGIES**

Growth  
Tactical  
Growth with Income  
Income with Growth  
Global Balanced (ETFs Only)

We manage these advisory accounts on a discretionary basis. Account supervision is guided by the client's stated objectives. Through personal communications in which the client's goals and objectives are established, we determine model portfolio suitable to the client's circumstances. Once we determine the suitability of the portfolio, the portfolio is managed based on the portfolio's goal, rather than on each client's individual needs. Clients retain individual ownership of all securities.

### **Non-continuous Asset Management**

ACM also offers the non-continuous investment management of client funds which are not part of our private or model platforms. These accounts typically: belong to part of a larger family group but too small for our discretionary platforms; are part of an employer's retirement plan; or, may hold securities that the client cannot intermingle into our managed portfolios. Through personal discussions in which goals and objectives based on the client's particular circumstances are established, we develop the client's personal investment policy. We can manage these advisory accounts on a discretionary or non-discretionary basis.

Account supervision is guided by the client's stated objectives (i.e., capital appreciation, growth, income, or growth and income), as well as tax considerations. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors. Once the client's portfolio has been established, we review the portfolio at least annually, and if necessary, rebalance the portfolio based on the client's individual needs.

Because some types of investments involve certain additional degrees of risk, they will only be implemented when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

### **CHARITABLE GIFT FUND ADVISING**

Through the Charitable Investment Advisor Program, established by The Board of Trustees of Fidelity Charitable, an affiliate of Fidelity Brokerage Services, LLC, we provide investment advisory and management services with respect to certain Fidelity Charitable assets that have been allocated to Giving Accounts that the Trustees have designated.



## PENSION CONSULTING SERVICES

ACM also provides several advisory services separately or in combination. While the primary clients for these services will be pension, profit sharing and 401(k) plans, we offer these services, where appropriate, to individuals and trusts, estates and charitable organizations. Pension Consulting Services are comprised of four distinct services. Clients may choose to use any or all of these services.

➤ ***Investment Policy Statement Preparation (hereinafter referred to as "IPS"):***

We will meet with the client (in person or over the telephone) to determine an appropriate investment strategy that reflects the plan sponsor's stated investment objectives for management of the overall plan. Our firm then prepares a written IPS detailing those needs and goals, including an encompassing policy under which these goals are to be achieved. The IPS also lists the criteria for selection of investment vehicles as well as the procedures and timing interval for monitoring of investment performance.

➤ ***Selection of Investment Vehicles:***

We assist plan sponsors in constructing appropriate asset allocation models. We will then review various types of securities to determine which investments are appropriate to implement the client's IPS. The number of investments to be recommended will be determined by the client, based on the IPS.

➤ ***Monitoring of Investment Performance:***

We monitor client investments continually, based on the procedures and timing intervals delineated in the Investment Policy Statement. Although our firm may not be involved in any way in the purchase or sale of these investments, we can supervise the client's portfolio and will make recommendations to the client as market factors and the client's needs dictate.

➤ ***Employee Communications:***

For pension, profit sharing and 401(k) plan clients with individual plan participants exercising control over assets in their own account ("self-directed plans"), we may also provide quarterly educational support and investment workshops designed for the plan participants. The nature of the topics to be covered will be determined by us and the client under the guidelines established in ERISA Section 404(c). The educational support and investment workshops will NOT provide plan participants with individualized, tailored investment advice or individualized, tailored asset allocation recommendations.

## **PATHFINDER: Self-Directed Brokerage Window**

ACM offers Pathfinder, a managed mutual fund program, to participants of certain qualified retirement plans which offer self-directed brokerage account ("SDBA") options. Eligible qualified plans include 401(k)s, 403(b)s, 457 plans and 401a plans. Pathfinder is comprised of a series of mutual funds, known as the AC Funds, that are advised by AC Funds, LLC, and sub-advised by ACM. The Funds are not available individually, but instead are offered with two or more funds in a number of strategies based upon risk tolerance and the investment objective of the individual. Each strategy is developed and managed by ACM and are composed solely of the AC Funds.

An SDBA window allows an individual (participant) to access a wider range of investment options than may be offered through the plan menu for their qualified plan. Electing to open an SDBA account allows the participant to select among mutual funds, stocks and ETFs, including Pathfinder. There is no assurance that investing in Pathfinder versus the mutual funds offered within the plan will deliver equal or higher returns over time.

ACM's recommendation to a client to invest in Pathfinder funds is a conflict of interest, because the firm receives compensation when a participant selects that investment option. That financial incentive means that we have a financial benefit when you invest in our proprietary funds. The AC Funds are no-load funds, with an annual 12b-1 fee of 0.30%. Mutual funds within an SDBA window typically have higher expense ratios than the funds within the client's qualified plans. The expense ratios of the AC Funds are 1.99%, with the exception of the Tactical Fixed Income Fund which has an expense ratio of 2.29%. Our recommendation that a client engage in a transaction which will result in the payment of 12b-1, presents a further conflict of interest.

When a client engages ACM to manage an SDBA, the client may also have the option of granting us, as advisor, a

limited power of attorney - limited to the purchase and sale of securities. This trading authorization gives us the ability to buy and sell the same range of securities that you have access to as if you were to trade the account yourself. You authorize us discretion to trade your account without approval or directions from you, but in accordance with the Advisory Agreement. We do not have the authority to transfer, withdraw or disperse money or assets from your account.

## **FINANCIAL PLANNING**

ACM offers wealth management and financial planning services to its Direct Clients. Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. The financial planning process contemplates a comprehensive analysis of a client's financial life and other important life goals and considerations. The financial planning service culminates in a written report which provides the client with a detailed financial plan designed to assist the client in reaching his or her financial goals and objectives. Financial planning projections and plans may be created in-house or contracted from a third-party provider. In general, a financial plan may address any or all of the following areas:

- **PERSONAL:** Review of family records, budgeting, personal liability, estate information and financial goals.
- **TAX & CASH FLOW:** Analysis of the client's income, tax and spending; planning for current and future years; then illustrate the impact of various investments on the client's current income tax and future tax liability.
- **INVESTMENTS:** Analysis of investment alternatives and their potential effect on the client's portfolio.
- **INSURANCE:** Review of existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.
- **RETIREMENT:** Analysis of current strategies and investments to help the client achieve retirement goals.
- **DEATH & DISABILITY:** Analysis of the client's cash needs at death, income needs of surviving dependents, estate planning and disability income.
- **ESTATE:** Assist the client in assessing and developing long-term strategies, including as appropriate, living trusts, wills, review estate tax, powers of attorney, asset protection plans, nursing homes and Medicare.

Necessary information is gathered through in-depth personal interviews, a questionnaire, analyzing current financial status, tax status, future goals, returns objectives and attitudes towards risk. Implementation of some of all aspects of the financial plan recommendations is entirely at the client's discretion. Should the client choose to implement the recommendations contained in the plan, we recommend that the client work closely with his/her attorney, accountant, insurance agent, and/or stockbroker. We also provide general non-securities advice on topics that may include tax and budgetary planning, estate planning and business planning. Securities and investment products which may be reviewed in this process can include:

Exchange-listed securities  
Foreign issuers  
Corporate debt securities  
(other than commercial paper)  
Mutual fund shares

Over-the-Counter securities  
Warrants  
Municipal securities  
United States governmental securities

Options contracts on securities

Typically the financial plan is presented to the client within six months of the contract date, provided that all information needed to prepare the financial plan has been promptly provided. Financial Planning recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic nature.

## **AMOUNT OF MANAGED ASSETS**

As of December 31, 2022, ACM was actively managing **\$5,601,706,061** of clients' assets on a discretionary basis.

## Item 5 Fees and Compensation

### INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT FEES

#### ACM PRIVATE ACCOUNT STRATEGIES

Our annual fees for our Private Account direct clients are based upon a percentage of assets under management and generally range for equity accounts from 1.00% to 1.50%. Accounts over \$ 1 million may be less than the traditional 1%. This fee includes both portfolio management and advisory services and can vary based on services provided. The fee does not include any account charges from the custodian including but not limited to ticket charges or annual account fees. ACM's direct client fixed income account fees range from .50% to .70%. Account size and family account bundling will reduce management fees.

Advisors Capital Management also provides portfolio management services to independent investment advisors and managed account platforms through independent broker-dealers. ACM's annual institutional management fees range from .65% to .80% for private account management. ACM's institutional management variance can be based on a number of factors including but not limited to:

- a) Advisory role (sub-advisor vs. advisor)
- b) Platform responsibilities (trading execution, reporting etc.)

ACM may make marketing allowance payments to its institutional partners. These payments are paid from ACM's own assets and do not cause these fees to be paid from the assets of any client account.

Generally, the independent advisor will include a 1.00% investment advisor fee in addition to our portfolio management fee. Advisors Capital Management's institutional fixed income management fees range from .25% to .35%. Account size and family account bundling will reduce management fees.

The advisory fee is payable quarterly in advance, based on the average daily balance or average monthly balance of the prior quarter. Any cash subject to a margin loan will not be deducted from the aggregate fair market value for purposes of calculating the fee. The fee calculation of daily or monthly depends on the client's custodian. In any partial calendar quarter, the advisory fee will be prorated based on the number of days that the account was open during the quarter. Advisors Capital Management may use a third-party reporting system for billing services. The fees are debited by the custodian as per the Advisor. Client authorizes custodian to deduct from this account and pay to Adviser the advisory fee for each applicable period. Custodian will send the client a statement showing all amounts paid from the account, including all additional custodial fees. Direct payment of fees from Client shall not be accepted. The value of assets subject to a margin loan will not be deducted from the aggregate fair market account value for purposes of calculating the advisory fee and will be included in the account value, thus increasing the account value and resulting in a higher investment management fee.

A minimum of **\$300,000** of assets under management is required for our Private Account service. This account size may be negotiable under certain circumstances. ACM may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

#### BRIDGEVIEW WEALTH ACCOUNT STRATEGIES

Our annual fees for our Bridgeview Wealth clients are based upon a percentage of assets under management and do not exceed 2.00% for equity accounts and 1.50% for fixed income accounts. This fee includes both portfolio management and advisory services and can vary based on services provided. The fee does not include any account charges from the custodian including but not limited to ticket charges or annual account fees. Account size and family account bundling will reduce management fees.

## INVESTMENT SUPERVISORY SERVICES ("ISS")

### ACM MODEL SEPARATE ACCOUNT STRATEGIES

### ACM MODEL MUTUAL FUND/ETF STRATEGIES

Our annual fees for ACM's Model Separate Account and Model Mutual Fund/ETF Management Services for direct clients are based upon a percentage of assets under management and generally range from 1.00% to 1.75%. This fee includes both portfolio management and advisory services. The fee does not include any account charges from the custodian including but not limited to ticket charges or annual account fees.

Advisors Capital Management also provides Model Separate and Model Mutual Fund/ETF portfolio management services to independent investment advisors and managed account platforms through independent broker-dealers.

ACM's annual institutional management fees range from .50% to .65% for model account management. ACM's institutional management variance can be based on a number of factors including but not limited to:

- a) Advisory role (sub-advisor vs. advisor)
- b) Platform responsibilities (trading execution, reporting etc.)

ACM may make marketing allowance payments to its institutional partners. These payments are paid from ACM's own assets and do not cause these fees to be paid from the assets of any client account.

Generally, the independent advisor will include a 1.00% investment advisory fee in addition to our portfolio management fee. ACM does not provide fixed income management at the model level.

The advisory fee is payable quarterly in advance, based on the average daily balance or average monthly balance of the prior quarter. Any cash subject to a margin loan will not be deducted from the aggregate fair market value for purposes of calculating the fee. The fee calculation of daily or monthly depends on the client's custodian. In any partial calendar quarter, the advisory fee will be prorated based on the number of days that the account was open during the quarter. Advisors Capital Management may use a third-party reporting system for billing services. The fees are debited by the custodian as per the Advisor. Client authorizes custodian to deduct from this account and pay to Adviser the advisory fee for each applicable period. Custodian will send the client a statement showing all amounts paid from the account, including all additional custodial fees. Direct payment of fees from Client shall not be accepted. The value of assets subject to a margin loan will not be deducted from the aggregate fair market account value for purposes of calculating the advisory fee and will be included in the account value, thus increasing the account value and resulting in a higher investment management fee.

A minimum of **\$150,000** of assets under management is required for our Model Separate Accounts.

A minimum of **\$50,000** of assets under management is required for our Model Mutual Fund/ETF Accounts.

These account sizes may be negotiable under certain circumstances. Advisors Capital Management, LLC may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

**Limited Negotiability of Advisory Fees:** Although Advisors Capital Management, LLC has established the aforementioned Private, Model Separate and Model Mutual Fund/ETF fee schedules, we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition and reports amongst other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee. Discounts, not generally available to our advisory clients, may be offered to direct family members and associated persons of our firm.

## **PORTFOLIO MANAGEMENT SERVICES FEES**

### **Non-continuous Asset Management**

Typically, Advisors Capital Management will advise on non-continuous management accounts only for existing clients and at no additional charge.

## **CHARITABLE GIFT FUND ADVISING**

Our standard advisory fee for Charitable Gift Fund Advising is an annual fee of 1.00% for when we are acting as the advisor on the account, and 0.50% for when we are acting in a sub-advisory capacity, and only providing investment management services.

## **PENSION CONSULTING FEES**

We charge an annual fixed fee for Pension Consulting Services which ranges from .25% to 1.00% of plan assets depending on the services requested and the size of the plan. We may also charge a predetermined flat fee based on an hourly rate of \$350 - \$500 per hour and a minimum fee of \$500. Plan sponsors are invoiced quarterly, in advance, at the beginning of each calendar quarter. Fees will be debited from the account in accordance with the client authorization in the Client Services Agreement.

## **PATHFINDER FEES**

Clients that participate in the Pathfinder service are investing in strategies that consist solely of the AC Funds managed by ACM's affiliate, AC Funds, LLC, and sub-advised by ACM. The ACM Funds pay the following fees which are indirectly paid by the Client as a shareholder of the ACM Funds. These fees are internal expenses of the ACM Funds and are non-negotiable. The fees are assessed against the daily Net Asset Value ("NAV") of each underlying fund and are paid monthly. Clients will indirectly pay through the ACM Funds, the following fees:

**Advisory Fee** - The AC Funds will pay 1.69% of the NAV of each Fund to AC Funds, LLC, an affiliate of ACM, for providing investment advice to the Funds and from this fee AC Funds, LLC will pay ACM up to 1.30% of the NAV of each Fund as a sub-advisory fee. The receipt of these fees provides a direct benefit to ACM.

**12b-1 Fees** - 12b-1 Fees 0.30% to support the distribution of the AC Funds and are paid by the Funds to the custodian(s) for Pathfinder. Neither ACM nor AC Funds, LLC receive any 12b-1 fees.

**Advisory Fee** - ACM has entered into a Promoter's agreement with unaffiliated broker/dealers and RIAs to offer Pathfinder to appropriate clients seeking to invest their qualified plan assets. In return for the solicitation of these accounts, ACM will pay the BD or RIA an annual fee of 0.75% (payable monthly) of the Advisors Capital Funds AUM represented by their clients. This fee is paid from ACM resources and does not result in additional fees to the client(s).

**Conflicts of Interest when Receiving Compensation from the AC Funds** - ACM's receipt of fees from the AC Funds creates a conflict of interest as ACM has a minority ownership in AC Funds, LLC. To mitigate this conflict, Clients that participate in the Pathfinder service are not charged any additional platform, trading or advisory fees by ACM.

## **FINANCIAL PLANNING FEES**

Advisors Capital Management, LLC's financial planning fee is determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client.

Our financial planning fees are calculated and charged on an hourly basis, with a minimum fee of \$500 and an hourly fee ranging from \$350 to \$500 per hour. Although the length of time it will take to provide a financial plan will depend on each client's personal situation, we will provide an estimate for the total hours at the start of the advisory relationship. A typical financial plan will require 15 hours of planning. A final price for complete financial plans will be reached with the client prior to proceeding. In house and any out of house contracted work needed for the plan will be all inclusive in the agreed upon fee and or final price. There may also be an annual fee for financial plans should the client want to keep the plan dynamic. The annual fee can range from \$1000-\$2000 per year.

We may request a retainer upon completion of our initial fact-finding session with the client; however, advance payment will never exceed \$1,200 for work that will not be completed within six months. The balance is due upon completion of the plan.

**Financial Planning Fee Offset:** Advisors Capital Management, LLC reserves the discretion to reduce or waive the hourly fee and/or the minimum fixed fee if a financial planning client chooses to engage us for our portfolio management services. The client is billed quarterly in advance based on our total estimated Financial Planning fees. Certain management personnel and other related persons of our firm are licensed as insurance agents and will receive additional compensation if they engage in commissionable insurance sales with our clients. This creates an incentive to recommend these products based on compensation and not client need, however careful review is done to ensure that recommendations are made in the best interests of the client.

## GENERAL INFORMATION

**Termination of the Advisory Relationship:** A client agreement may be canceled at any time, by either party, for any reason upon receipt of written notice. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period.

**Mutual Fund Fees:** All fees paid to Advisors Capital Management, LLC for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

**Wrap Fee Programs and Separately Managed Account Fees:** Clients participating in separately managed account programs may be charged various program fees in addition to the advisory fee charged by our firm. Such fees may include the investment advisory fees of the independent advisers, which may be charged as part of a wrap fee arrangement. In a wrap fee arrangement, clients pay a single fee for advisory, brokerage and custodial services. Client's portfolio transactions may be executed without commission charge in a wrap fee arrangement. In evaluating such an arrangement, the client should also consider that, depending upon the level of the wrap fee charged by the broker-dealer, the amount of portfolio activity in the client's account, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately. We will review with clients any separate program fees that may be charged to clients.

**Additional Fees and Expenses:** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effect transaction for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

**Margin Borrowing Impact on Fees, Conflict of Interest.** The value of assets subject to a margin loan will not be deducted from the aggregate fair market account value for purposes of calculating the advisory fee and will be included in the account value, thus increasing the account value and resulting in a higher investment management fee. This presents a conflict of interest for ACM in that ACM has an incentive to earn higher fees arising out of greater use of margin borrowing in Client's account in order to increase the value of the account assets upon which the advisory fee is charged.

**Grandfathering of Minimum Account Requirements:** Pre-existing advisory clients are subject to Advisors Capital Management, LLC's minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.

**ERISA Accounts:** Advisors Capital Management, LLC is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Advisors Capital Management, LLC may only charge fees for investment advice about products for which our firm and/or our related

persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset Advisors Capital Management, LLC's advisory fees.

**Advisory Fees in General:** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

**Limited Prepayment of Fees:** Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

**Margin Accounts:** We may trade client accounts on margin. Each client must sign a separate margin agreement before margin is extended to that client account. Fees for advice and execution on these securities are based on the total asset value of the account, which includes the value of the securities purchased on margin. While a negative amount may show on a client's statement for the margined security as the result of a lower net market value, the amount of the fee is based on the absolute market value. This could create a conflict of interest where we may have an incentive to encourage the use of margin to create a higher market value and therefore receive a higher fee. The use of margin may also result in interest charges in addition to all other fees and expenses associated with the security involved.

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

ACM does not charge performance-based fees.

## **Item 7 Types of Clients**

ACM provides advisory services to the following types of clients:

Individuals (other than high net worth individuals)	High net worth individuals
Pension and profit-sharing plans (other than plan participants)	Charitable organizations
Other investment advisers	Sovereign wealth funds and foreign official institutions
Corporations or other businesses not listed above	

Our firm has established certain minimum account requirements to maintain an account, based on the nature of the service(s) being provided. For a more detailed understanding of those requirements, please review the disclosures provided in each applicable service. There is no minimum size requirement for our Pathfinder service.

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

### **METHODS OF ANALYSIS**

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

**Fundamental Analysis.** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market, regardless of the economic and financial factors considered in evaluating the stock.

**Quantitative Analysis.** We use mathematical models in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of a share price or earnings per share, and predict changes to that data. A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

**Qualitative Analysis.** We subjectively evaluate non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement and predict changes to share price based on that data. A risk in using qualitative analysis is that our subjective judgment may prove incorrect.

**Asset Allocation.** Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and

market movements and, if not corrected, will no longer be appropriate for the client's goals.

**Mutual Fund and/or ETF Analysis.** We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in other fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

**Risks for all forms of analysis.** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

## **INVESTMENT STRATEGIES**

Top-down factors, such as the business cycle, interest rate outlook, demographics, and other macro variables are used, when possible, to identify industries or sectors of interest. While these considerations are invaluable for targeting areas for further analysis, individual investments are fundamentally a bottom-up process. Once a sector has been identified as enjoying attractive growth characteristics, an evaluation is performed on the investment merits of the individual companies within this sector and its securities.



We may use any of the following strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons amongst other considerations:

**Long-term purchases.** We purchase securities with the idea of holding them in the client's account for a year or longer. Typically, we employ this strategy when:

- We believe the securities to be currently undervalued.

and/or

- We want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline in value before we make the decision to sell.

## **Risks Associated with Securities**



**Bank Obligations** including bonds and certificates of deposit may be vulnerable to setbacks or panics in the banking industry. Banks and other financial institutions are greatly affected by interest rates and may be adversely affected by downturns in the U.S. and foreign economies or changes in banking regulations.

**Common stocks** may go up and down in price quite dramatically, and in the event of an issuer's bankruptcy or restructuring could lose all value. A slower-growth or recessionary economic environment could have an adverse effect on the price of all stocks.

**Corporate Bonds** are debt securities to borrow money. Generally, issuers pay investors periodic interest and repay the amount borrowed either periodically during the life of the security and/or at maturity. Alternatively, investors can purchase other debt securities, such as zero-coupon bonds, which do not pay current interest, but rather are priced at a discount from their face values and their values accrete over time to face value at maturity. The market prices of debt securities fluctuate depending on such factors as interest rates, credit quality, and maturity. In general, market prices of debt securities decline when interest rates rise and increase when interest rates fall. The longer the time to a bond's maturity, the greater its interest rate risk.

**Investment Companies Risk.** When a client invests in open end mutual funds or ETFs, the client indirectly bears its proportionate share of any fees and expenses payable directly by those funds. Therefore, the client will incur higher expenses, many of which may be duplicative. In addition, the client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives). ETFs are also subject to the following risks: (i) an ETF's shares may trade at a market price that is above or below their net asset value; (ii) the ETF may employ an investment strategy that utilizes high leverage ratios; or (iii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are de-listed from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally. The Adviser has no control over the risks taken by the underlying funds in which clients invest.

**Margin.** Buying on margin means borrowing money from a broker to purchase stock. Margin trading allows you to buy more stock than you would be able to normally. An initial investment, called minimum margin, is required for a margin account. Once the account is opened and operational, you can borrow up to 50% of the purchase price of a stock. This portion of the purchase price that you deposit is known as the initial margin. We may require you to deposit more than 50% of the purchase price. Not all stocks qualify to be bought on margin. When you sell the stock in a margin account, the proceeds go to your broker against the repayment of the loan until it is fully paid. There is also a restriction called the maintenance margin, which is the minimum account balance you must maintain before your broker will force you to deposit more funds or sell stock to pay down your loan. When this happens, it's known as a margin call. If for any reason you do not meet a margin call, the brokerage has the right to sell your securities to increase your account equity until you are above the maintenance margin. Additionally, your broker may not be required to consult you before selling. Under most margin agreements, a firm can sell your securities without waiting for you to meet the margin call and you can't control which stock is sold to cover the margin call. You also have to pay the interest on your loan. The interest charges are applied to your account unless you decide to make payments. Over time, your debt level increases as interest charges accrue against you. As debt increases, the interest charges increase, and so on. Therefore, buying on margin is mainly used for short-term investments. The longer you hold an investment, the greater the return that is needed to break even. In volatile markets, prices can fall very quickly. You can lose more money than you have invested.

**Municipal Bonds** are debt obligations generally issued to obtain funds for various public purposes, including the construction of public facilities. Municipal bonds pay a lower rate of return than most other types of bonds. However, because of a municipal bond's tax-favored status, investors should compare the relative after-tax return to the after-tax return of other bonds, depending on the investor's tax bracket. Investing in municipal bonds carries the same general risks as investing in bonds in general. Those risks include interest rate risk, reinvestment risk, inflation risk, market risk, call or redemption risk, credit risk, and liquidity and valuation risk.

**Option writing.** We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts:

- A call gives us the right to buy an asset at a certain price within a specific period of time. We will buy a call if we have determined that the stock will increase substantially before the option expires.
- A put gives us the holder the right to sell an asset at a certain price within a specific period of time. We will buy a put if we have determined that the price of the stock will fall before the option expires.

We may use options to "hedge" a purchase of the underlying security; in other words, we will use an option purchase to limit the potential upside and downside of a security. We may also use "covered calls", in which we sell an option on security you own. In this strategy, you receive a fee for making the option available, and the person purchasing the option has the right to buy the security from you at an agreed-upon price.

We use a "spreading strategy", in which we purchase two or more option contracts (for example, a call option that you buy and a call option that you sell) for the same underlying security. This effectively puts you on both sides of the market, but with the ability to vary price, time and other factors.

**Risk of Loss.** Securities investments are not guaranteed and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk.

## **Item 9 Disciplinary Information**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

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

Advisor Capital Management, LLC owns Advisors Capital Planning, LLC, an insurance agency. Associated persons of Advisor Capital Management, LLC are licensed to sell life and health insurance and may engage in product sales with our clients, for which they will receive additional compensation. Any commissions received through life or health insurance sales do not offset advisory fees the client may pay for advisory services under Advisor Capital Management, LLC. Clients are free to use any party of their choosing for their insurance needs, and are not required to use Advisors Capital Planning, LLC.

Through the Advisors Capital Funds, we serve as a sub-adviser to the affiliated registered investment adviser – AC Funds, LLC (CRD# 311748). See Items 4 and 5 above with further information concerning AC Funds, LLC and associated conflicts of interest in our Pathfinder service. ACM serves on the TD Ameritrade Institutional Advisor Panel ("Panel"). The Panel consists of approximately thirty (30) independent investment advisors that advise TD Ameritrade Institutional ("TDA Institutional") on issues relevant to the independent advisor community. The Panel meets in person on average three to four times per year and conducts periodic conference calls on an as needed basis. Investment advisors are appointed to serve on the Panel for three-year terms by TDA Institutional senior management. An investment advisor may serve longer than three years if appointed to additional terms by TDA Institutional senior management. At times, Panel members are provided confidential information about TDA Institutional initiatives. Panel members are required to sign confidentiality agreements. TD Ameritrade, Inc. ("TD Ameritrade") does not compensate Panel members. However, TD Ameritrade pays or reimburses ACM for the travel, lodging and meal expenses ACM incurs in attending Panel meetings. The benefits received by ACM or its personnel by serving on the Panel do not depend on the amount of brokerage transactions directed to TD Ameritrade. Clients should be aware, however, that the receipt of economic benefits by ACM or its related persons in and of itself creates a potential conflict of interest and may indirectly influence ACM's recommendation of TD Ameritrade for custody and brokerage services. ACM also services on a similar panel for Fidelity Institutional Brokerage Services LLC and receives the same benefits as those received from TD Ameritrade.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

ACM and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code. Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Our code also

provides for oversight, enforcement and recordkeeping provisions.

ACM's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity. A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to Kevin@advisorscenter.com, or by calling us at 201-447-3400. ACM and individuals associated with our firm are prohibited from engaging in principal transactions.

ACM may, at times, effect an agency cross transaction for an advisory client, provided that the transaction is consistent with our firm's fiduciary duty to the client and that all requirements outlined in Sec. 206(3)-2 of the Investment Advisers Act of 1940 are met.

An agency cross transaction is a transaction where our firm acts as an investment adviser in relation to a transaction in which ACM, acts as broker for both the advisory client and for another person on the other side of the transaction.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal account's securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in certain securities which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

## **Item 12 Brokerage Practices**

### **Factors Used to Select Custodians and/or Broker-Dealers**

ACM does not have any affiliation with Broker-Dealers. Specific custodian recommendations are made to client based on their need for such services. We recommend custodians based on the reputation and services provided by the firm.

ACM has an arrangement with unaffiliated broker-dealers TD Ameritrade, Charles Schwab, National Financial Services LLC, and Fidelity Institutional Brokerage Services LLC (together with all affiliates, "Fidelity"), through which the broker-dealers provide our firm with their "platform" services for direct and institutional clients. These platform services include, among others, brokerage, custodial, administrative support, record keeping and related services that are intended to support intermediaries like ACM in conducting business and in serving the best interests of our clients but that may also benefit us.

The above-mentioned independent custodians may charge brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Our independent custodian relationships enable ACM to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. These custodian's commission rates are generally considered discounted from customary retail commission rates. However, the commissions and transaction fees charged by the custodians may be higher or lower than those charged by other custodians and broker-dealers. As part of the arrangement, some custodians will make available to our firm, at no additional charge to us, certain research and brokerage services, including research services from independent research companies, as selected by ACM (within specified parameters).

ACM may also receive additional services which include marketing, reporting, software and hardware equipment, and financial planning software assistance. Without this arrangement, we might be compelled to purchase the same or similar services at our own expense. As a result of receiving such services for no additional cost, we may have an incentive to continue to use or expand the use of these custodians' services. We examined this potential conflict of interest when we chose to enter into the relationships and have determined that the relationship is in the best interests of ACM's clients and satisfies our client obligations, including our duty to seek best execution. A client may pay a commission that is higher than another qualified broker-dealer might charge to affect the same transaction where we

determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, while ACM will seek competitive rates to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions. Although the investment research products and services that may be obtained by us will generally be used to service all of our clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account. ACM is not affiliated with the independent custodians of client accounts.

As a sub-advisor on institutional separate account platforms, ACM may also execute trades through institutional selling agreements which require custody of accounts at other broker-dealers. Please reference our ADV Part I for a list of current institutional separate account and wrap account platforms.

ACM has a number of prime brokerage agreements. These agreements have been created to provide additional fixed income and equity inventory and better pricing flexibility for our clients. Because of these relationships, ACM receives access to additional research.

#### **Research and Other Soft-Dollar Benefits**

ACM does not currently receive soft dollar benefits.

#### **Brokerage for Client Referrals**

We receive no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

#### **Clients Directing Which Broker/Dealer/Custodian to Use**

Although ACM recommends certain custodians for clients to use, clients may custody their assets at a custodian of their choice. Clients may also direct us to use a specific broker-dealer to execute transactions. By allowing clients to choose a specific custodian, we may be unable to achieve most favorable execution of client transaction and this may cost clients' money over using a lower-cost custodian.

#### **Aggregating (Block) Trading for Multiple Client Accounts**

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

### **Item 13 Review of Accounts**

#### **INVESTMENT SUPERVISORY SERVICES ("ISS")**

#### **INDIVIDUAL PORTFOLIO MANAGEMENT**

ACM PRIVATE ACCOUNT STRATEGIES

ACM MODEL SEPARATE ACCOUNT STRATEGIES

ACM MUTUAL FUND/ETF STRATEGIES

AND

NON-CONTINUOUS ASSET MANAGEMENT ACCOUNTS

***DIRECT CLIENT REVIEWS:*** While the underlying securities within Individual Portfolio Management Services accounts are continually monitored by our Investment Committee, these accounts are reviewed at least annually.

#### **Investment Committee**

Paul Broughton, Portfolio Manager and CFA®  
Randall T. Coleman, Portfolio Manager and CFA®  
JoAnne Feeney, Portfolio Manager and PhD  
Kevin Kelly, Portfolio Manager  
Charles Lieberman, Chief Investment Officer, Portfolio Manager, Investment Advisor and PhD  
David Lieberman MBA, Portfolio Manager, Investment Advisor  
David L. Ruff, Portfolio Manager and CFA®  
Kevin Strauss, Portfolio Manager, Investment Advisor and CFA®

Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances and needs and conducted by the Investment Advisor professional responsible for the client relationship.

**REPORTS:** In addition to the monthly statements and confirmations of transactions that clients receive from their broker-dealer, ACM provides reports summarizing account performance, balances and holdings upon request and for client meetings.

### **PENSION CONSULTING SERVICES**

**REVIEWS:** We will review the client's Investment Policy Statement (IPS) whenever the client advises us of a change in circumstances regarding the needs of the plan. ACM will also review the investment options of the plan according to the agreed upon time intervals established in the IPS. Such reviews will generally occur quarterly and conducted by the Investment Advisor professional responsible for the client relationship.

**REPORTS:** ACM will provide reports to Pension Consulting Services clients based on the terms set forth in the client's Investment Policy Statement (IPS).

### **FINANCIAL PLANNING SERVICES**

**REVIEWS:** While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Financial Planning clients unless otherwise contracted for.

**REPORTS:** Financial Planning clients will receive a completed financial plan. Additional reports will not typically be provided unless otherwise contracted for.

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

### **CLIENT REFERRALS**

Our firm may pay referral fees to independent persons or firms ("Promoters") for introducing clients to us. Whenever we pay a referral fee, we require the Promoter to provide the prospective client with a copy of this document (our *Firm Brochure*) and a separate disclosure statement that includes the following information:

- The Promoter's name and relationship with our firm.
- The fact that the Promoter is being paid a referral fee.
- The amount of the fee.
- Whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Promoter.

Clients referred to ACM by Promoters are not charged increased advisory fees; the referral fee is paid out the firm's customary advisory fee. ACM policy prohibits our related persons from accepting any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

### **Fidelity**

ACM participates in the Fidelity Wealth Advisor Solutions® Program (the "WAS Program"), through which ACM receives referrals from Fidelity Personal and Workplace Advisors LLC (FPWA), a registered investment adviser and Fidelity Investments company. ACM is independent and not affiliated with FPWA or any Fidelity Investments company. FPWA does not supervise or control ACM, and FPWA has no responsibility or oversight for ACM's provision of investment management or other advisory services. Under the WAS Program, FPWA acts as a Promoter for ACM, and ACM pays

referral fees to FPWA for each referral received based on ACM's assets under management attributable to each client referred by FPWA or members of each client's household. The WAS Program is designed to help investors find an independent investment advisor, and any referral from FPWA to ACM does not constitute a recommendation or endorsement by FPWA of ACM's particular investment management services or strategies. More specifically, ACM pays the following amounts to FPWA for referrals: the sum of (i) an annual percentage of 0.10% of any and all assets in client accounts where such assets are identified as "fixed income" assets by FPWA and (ii) an annual percentage of 0.25% of all other assets held in client accounts. In addition, ACM has agreed to pay FPWA an annual program fee of \$50,000 to participate in the WAS Program. These referral fees are paid by ACM and not the client. ***[Advisors should consider whether the referral fee schedule creates any potential conflicts for Advisor that should be disclosed.]*** To receive referrals from the WAS Program, ACM must meet certain minimum participation criteria, but Advisor may have been selected for participation in the WAS Program as a result of its other business relationships with FPWA and its affiliates, including Fidelity Brokerage Services, LLC ("FBS"). As a result of its participation in the WAS Program, ACM may have a potential conflict of interest with respect to its decision to use certain affiliates of FPWA, including FBS, for execution, custody and clearing for certain client accounts, and Advisor may have a potential incentive to suggest the use of FBS and its affiliates to its advisory clients, whether or not those clients were referred to ACM as part of the WAS Program. Under an agreement with FPWA, ACM has agreed that Advisor will not charge clients more than the standard range of advisory fees disclosed in its Form ADV 2A Brochure to cover solicitation fees paid to FPWA as part of the WAS Program. Pursuant to these arrangements, ACM has agreed not to solicit clients to transfer their brokerage accounts from affiliates of FPWA or establish brokerage accounts at other custodians for referred clients other than when ACM's fiduciary duties would so require, and Advisor has agreed to pay FPWA a one-time fee equal to 0.75% of the assets in a client account that is transferred from FPWA's affiliates to another custodian; therefore, ACM may have an incentive to suggest that referred clients and their household members maintain custody of their accounts with affiliates of FPWA. However, participation in the WAS Program does not limit ACM's duty to select brokers on the basis of best execution.

#### **Zoe Financial**

The Advisor may receive client referrals from Zoe Financial, Inc through its participation in Zoe Advisor Network (ZAN). Zoe Financial, Inc is independent of and unaffiliated with the Advisor and there is no employee relationship between them. Zoe Financial established the Zoe Advisor Network as a means of referring individuals and other investors seeking fiduciary personal investment management services or financial planning services to independent investment advisors. Zoe Financial does not supervise the Advisor and has no responsibility for the Advisor's management of client portfolios or the Advisor's other advice or services. The Advisor pays Zoe Financial an on-going fee for each successful client referral. This fee is usually a percentage of the advisory fee that the client pays to the Advisor ("Solicitation Fee"). The Advisor will not charge clients referred through Zoe Advisor Network any fees or costs higher than its standard fee schedule offered to its clients. For information regarding additional or other fees paid directly or indirectly to Zoe Financial Inc, please refer to the Zoe Financial Disclosure and Acknowledgement Form.

#### **Pathfinder**

Self-directed brokerage accounts we manage in the Pathfinder service are not charged a direct advisory fee. The compensation we receive through this arrangement is from fees paid to us from the Funds. We pay, out of our own assets, compensation to broker-dealers, investment advisers, or other financial intermediaries in connection with the distribution of the fund's shares.

#### **Item 15 Custody**

As previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure, ACM or the custodian directly debits advisory fees from client accounts. As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because some custodians do not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement. ***ACM does not have actual or constructive custody of client accounts.***

**Standing Letters of Authorization: As a convenience, clients may request** a standing letter of authorization (SLOA) directing payments or transfers of securities to a third party, under the following conditions:

- The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
- The client authorizes ACM, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization and provides a transfer of funds notice to the client promptly after each transfer.
- The client has the ability to terminate or change the instruction to the client's qualified custodian.
- ACM has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
- ACM maintains records showing that the third party is not a related party of ACM or located at the same address as ACM.

The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

### **Item 16 Investment Discretion**

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell.
- and/or
- Determine the amount of the security to buy or sell.

Clients give us discretionary authority when they sign a discretionary agreement with our firm and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

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

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

### **Item 18 Financial Information**

ACM does not require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement. As an advisory firm that maintains discretionary authority for client accounts, we are also required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. ACM has no additional financial circumstances to report. ACM has not been the subject of a bankruptcy petition at any time during the past ten years.

### **Additional Information**

#### **Privacy Policy**

#### Non-Disclosure of Client Information

ACM maintains safeguards to comply with federal and state standards to guard each client's nonpublic personal information. The firm does not share any nonpublic personal information including any contact information with any nonaffiliated third parties, except in the following circumstances:

- As necessary to provide the service that the client has requested or authorized, or to maintain and service the client's account.
- As required by regulatory authorities or law enforcement officials who have jurisdiction over ACM.
- Or as otherwise required by any applicable law, and to the extent reasonably necessary to prevent fraud and unauthorized transactions.

Employees are prohibited, either during or after termination of their employment, from disclosing nonpublic personal information to any person or entity outside ACM, including family members, except under the circumstances described above. An employee is permitted to disclose nonpublic personal information only to such other employees who need to have access to such information to deliver our services to the client.

#### Security of Client Information

ACM restricts access to nonpublic personal information to those employees who need to know such information to provide services to our clients.

Any employee who is authorized to have access to nonpublic personal information is required to keep such information in a secure compartment or receptacle on a daily basis as of the close of business each day. All electronic or computer files containing such information are password secured and firewall protected from access by unauthorized persons. Any conversations involving nonpublic personal information, if appropriate at all, must be conducted by employees in private, and care must be taken to avoid any unauthorized persons overhearing or intercepting such conversations.