



ADVISORS CAPITAL
MANAGEMENT

Part 2A of Form ADV: *Firm Brochure*

Advisors Capital Management, LLC

10 Wilsey Square, Suite 200
Ridgewood, New Jersey 07450

Telephone: 201-447-3400

Fax: 201-857-4099

Email: info@advisorscenter.com

Web Address(s):

www.advisorscapital.com

www.acmwealth.com

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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. 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. 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 February 2016, there have been no material changes. Please note that this section only discussed changes we deem material.

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Item 4 Advisory Business

Advisors Capital Management, LLC is a SEC-registered investment adviser with its principal place of business located in New Jersey. Advisors Capital Management, LLC 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

Advisors Capital Management, LLC offers the following advisory services to our direct clients and clients of unaffiliated registered investment advisors and broker-dealers throughout the United States. This Brochure will reference Advisors Capital Management direct clients as "**Direct Clients**" and clients of unaffiliated registered investment advisors as "**Institutional Clients**" or "**Institutional Management Services**".

Advisors Capital Management (ACM) has three levels of discretionary portfolio management.

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

Each one of our investment levels will be defined as to their specific account minimums, fees and types of clients utilizing them. Our investment recommendations are not limited to any specific investment product or service offered by a broker-dealer and will generally include advice regarding any one of the following securities:

| | |
|---|---------------------------------------|
| Exchange-listed securities | Securities traded over-the-counter |
| 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 implemented 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;**

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.

Core Dividend (Growth with Income at ETF level) : This strategy seeks total return through a combination of capital appreciation, its primary objective, and current income, its secondary objective. The strategy makes a significant allocation toward dividend paying common stocks. However, it may also include stocks that are not currently paying any dividends, but offer prospects for future income or capital appreciation. In addition, investments may include fixed income, including convertible securities.

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.

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: 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 will:

- 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

Our firm 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 develop a client's personal investment policy to create and manage a portfolio based on that policy. During the data-gathering process, we or an independent investment advisor will determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. Ultimately, a broad investment strategy would be determined to begin the individual portfolio design process. These private account strategies include;

- **Growth**
- **Core Dividend**
- **Income with Growth**
- **Balanced**
- **Balanced Defensive (Overlay)**
- **Fixed Income**
- **Tactical**

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

Our firm 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
Core Dividend
Income with Growth

ACM MODEL ETF STRATEGIES

Growth
Growth with Income
Income with Growth

Balanced (multiple allocation choices stock/bond ratio) Global Balanced (ETFs Only)
70/30 Tactical
50/50
30/70

We manage these advisory accounts on a discretionary basis. Account supervision is guided by the client's stated objectives. Through personal discussions with the client in which the client's goals and objectives are established, we determine if the model portfolio is 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

Advisors Capital Management will provide non-continuous asset and investment management of client funds which are not part of our private or model platforms. These accounts are usually part of a larger family group and may be too small for our discretionary platforms, 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

We also provide 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.

FINANCIAL PLANNING

For direct clients we provide financial planning and wealth management services. 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. Through the financial planning process, all questions, information and analysis are considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service receive a written report which provides the client with a detailed financial plan designed to assist the client achieve 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, the financial plan can address any or all of the following areas:

PERSONAL: Review of family records, budgeting, personal liability, estate information and financial goals.

TAX & CASH FLOW: We analyze the client's income tax and spending and planning for past, 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 effect on the client's portfolio.

INSURANCE: We review 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 his or her 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.

We gather required information through in-depth personal interviews. Information gathered includes the client's current financial status, tax status, future goals, returns objectives and attitudes towards risk. We carefully review documents supplied by the client, including a questionnaire completed by the client, and prepare a written report. Should the client choose to implement the recommendations contained in the plan, we suggest the client work closely with his/her attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial plan recommendations is entirely at the client's discretion. 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 | Securities traded over-the-counter |
| Foreign issuers | Warrants |
| Corporate debt securities (other than commercial paper) | Municipal securities |
| Mutual fund shares | 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, 2016, Advisors Capital Management, LLC was actively managing \$1,473,810,190 of clients' assets on a discretionary basis plus \$24,502,540 of clients' assets on a non-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. 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.

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. Advisors Capital Management, LLC 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. 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.

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 \$250 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.

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 \$200 to \$250 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 \$500 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 effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

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.

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

Advisors Capital Management, LLC does not charge performance-based fees.

Item 7 Types of Clients

Advisors Capital Management, LLC 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 |
| Corporations or other businesses not listed above | State or municipal government entities |

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.

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 another 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

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.

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.

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.

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.

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

Neither Advisor Capital Management, LLC, nor its management persons and employees, participate in other financial industry activities nor are they affiliated with other financial firms.

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.

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.

Advisors Capital Management, LLC 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.

Advisors Capital Management, LLC'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. Advisors Capital Management, LLC and individuals associated with our firm are prohibited from engaging in principal transactions.

Advisors Capital Management, LLC 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 Advisors Capital Management, LLC, 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 accounts 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

Advisors Capital Management, LLC 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.

Advisors Capital Management, LLC has an arrangement with unaffiliated broker-dealers TD Ameritrade, Charles Schwab, National Financial Services LLC, Fidelity Institutional Brokerage Services LLC (together with all affiliates, "Fidelity"), and Scottrade, Inc., 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 Advisors Capital Management, LLC 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 Advisors Capital Management, LLC 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 Advisors Capital Management, LLC (within specified parameters).

Advisors Capital Management, LLC 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 Fidelity, Schwab and TD Ameritrade's 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 Advisors Capital Management, LLC'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 effect 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 Advisors Capital Management, LLC 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. Advisors Capital Management, LLC and our independent custodians are not affiliated.

As a sub-advisor on institutional separate account platforms, Advisors Capital Management, LLC 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.

Advisors Capital Management 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 Advisors Capital Management receives access to additional research.

TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/ ("TD Ameritrade"), an unaffiliated SEC-registered broker dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. 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 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.

Research and Other Soft-Dollar Benefits

We currently do not 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

We do recommend a specific custodian for clients to use, however, 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, we combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "block trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our discretion, regarding 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, these accounts are reviewed at least annually. 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, or the market, political or economic environment. For direct clients these accounts can be reviewed by:

Charles Lieberman PhD, Chief Investment Officer, Portfolio Manager, Investment Advisor

David Lieberman MBA, Portfolio Manager, Investment Advisor

JoAnne Feeney PhD, Portfolio Manager

Kevin G Kern, Investment Advisor

Mark Opila, Investment Advisor and CFP®

Stephen Zurilla, Portfolio manager, Investment Advisor and CFA®

Michael Lieberman, Investment Advisor

Ann Eisenhart, Investment Advisor

Jeffrey Deiss, Investment Advisor and CFP®

John Bruggemann, Investment Advisor and CFP®

Karen LoSchiavo, Investment Advisor
Robb McKinney, Investment Advisor
Andrew Harris, Investment Advisor

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: Advisors Capital Management, LLC 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. Advisors Capital Management, LLC 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. These accounts are reviewed by:

Charles Lieberman PhD, Chief Investment Officer, Portfolio Manager, Investment Advisor
David Lieberman MBA, Portfolio Manager, Investment Advisor
JoAnne Feeney PhD, Portfolio Manager
Kevin G Kern, Investment Advisor
Mark Opila, Investment Advisor and CFP®
Stephen Zurilla, Portfolio manager, Investment Advisor and CFA®
Michael Lieberman, Investment Advisor
Ann Eisenhart, Investment Advisor
Jeffrey Deiss, Investment Advisor and CFP®
John Bruggemann, Investment Advisor and CFP®
Karen LoSchiavo, Investment Advisor
Robb McKinney, Investment Advisor
Andrew Harris, Investment Advisor

REPORTS: Advisors Capital Management, LLC 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 ("Solicitors") for introducing clients to us. Whenever we pay a referral fee, we require the Solicitor 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 Solicitor's name and relationship with our firm.
- The fact that the Solicitor 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 Solicitor.

As a matter of firm practice, the advisory fees paid to us by clients referred by solicitors are not increased as a result of any referral. It is Advisors Capital Management, LLC's policy not to accept or allow our related persons to

accept 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.

ACM may receive client referrals from Scottrade Investment Management™ through its participation in the Advisor Access Program (“the Program”). In addition to meeting the minimum eligibility criteria for participation in the Advisor Access Program, ACM may have been selected to participate in the Advisor Access Program based upon the amount and profitability to Scottrade Investment Management™ of the assets in, and trades placed for, client accounts maintained by Scottrade Investment Management™. Scottrade Investment Management™ is registered with the SEC as an investment adviser under the Advisers Act, independent of and unaffiliated with ACM; there is no employee or agency relationship between the two entities. Scottrade Investment Management™ has established the referral program as a means for referring its brokerage customers and other investors seeking fee-only personal investment management services or financial planning services to independent investment advisors. Scottrade Investment Management™ does not supervise ACM and has no responsibility for its management of client portfolios, advice, or other services. ACM pays Scottrade Investment Management™ an ongoing fee for each successful client referral. This fee is usually a percentage (not to exceed 25%) of the advisory fee paid to ACM by the client (the “Referral Fee”). ACM will also pay Scottrade Investment Management™ the Referral Fee on any advisory fees received from any of a referred client’s family members, including a spouse, child, or any other immediate family member who resides with the referred client and hires ACM on the recommendation of said referred client. ACM will not charge clients referred through the Advisor Access Program any fees or costs higher than the standard fee schedule offered to its clients or otherwise pass Referral Fees paid to Scottrade Investment Management™ on to its clients. ACM’s participation in the Advisor Access Program raises potential conflicts of interest. Scottrade Investment Management™ will most likely refer clients through the Advisor Access Program to investment advisors who encourage clients to custody their assets at Scottrade, Inc. and whose client accounts are profitable to Scottrade Investment Management™. Consequently, in order to obtain client referrals from Scottrade Investment Management™, ACM may have an incentive to recommend to clients that the assets under management by ACM be held in custody with Scottrade, Inc. and to place transactions for client accounts with Scottrade Investment Management™. ACM has agreed not to solicit clients referred through the Advisor Access Program to transfer their accounts from Scottrade Investment Management™ or to establish brokerage or custody accounts at other custodians, except when fiduciary obligation requires it. ACM’s participation in the Advisor Access Program does not diminish its duty to seek best execution of trades for client accounts.

As disclosed under Item 12 above, ACM participates in TD Ameritrade’s institutional customer program and ACM may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between ACM’s participation in the program and the investment advice it gives to its Clients, although ACM receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving ACM participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and compliance, marketing, research, technology, and practice management products or services provided to ACM by third party vendors without cost or at a discount. TD Ameritrade may also have paid for business consulting and professional services received by ACM’s related persons. Some of the products and services made available by TD Ameritrade through the program may benefit ACM but may not benefit its Client accounts. These products or services may assist ACM in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help ACM manage and further develop its business enterprise. The benefits received by ACM or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, ACM endeavors at all times to put the interests of its clients first. 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 the ACM’s choice of TD Ameritrade for

custody and brokerage services.

ACM may receive client referrals from TD Ameritrade through its participation in TD Ameritrade AdvisorDirect. In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, ACM may have been selected to participate in AdvisorDirect based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with ACM and there is no employee or agency relationship between them. TD Ameritrade has established AdvisorDirect as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. TD Ameritrade does not supervise ACM and has no responsibility for ACM's management of client portfolios or ACM's other advice or services. ACM pays TD Ameritrade an on-going fee for each successful client referral. The Solicitation Fee is an annualized fee based on the amount of referred client assets that does not exceed 25% of 1%, unless such client assets are subject to a Special Services Addendum. In the case of a Special Services Addendum, the Solicitation Fee is an annualized fee based on the amount of referred client assets that does not exceed 10% of 1%. ACM will also pay TD Ameritrade the Solicitation Fee on any assets received by ACM from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hired ACM on the recommendation of such referred client. ACM will not charge clients referred through AdvisorDirect any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to TD Ameritrade to its clients. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade AdvisorDirect Disclosure and Acknowledgement Form.

ACM's participation in AdvisorDirect raises potential conflicts of interest. TD Ameritrade will most likely refer clients through AdvisorDirect to investment advisors that encourage their clients to custody their assets at TD Ameritrade and whose client accounts are profitable to TD Ameritrade. Consequently, in order to obtain client referrals from TD Ameritrade, ACM may have an incentive to recommend to clients that the assets under management by ACM be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. In addition, ACM has agreed not to solicit clients referred to it through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. ACM's participation in AdvisorDirect does not diminish its duty to seek best execution of trades for client accounts.

ACM also receives from TD Ameritrade certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment Advisors participating in the program. Specifically, the Additional Services include thinkpipes trading software. TD Ameritrade provides the Additional Services to ACM in its sole discretion and at its own expense, and ACM does not pay any fees to TD Ameritrade for the Additional Services. ACM and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.

ACM's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to ACM, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, ACM's Client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with ACM, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, ACM may have an incentive to recommend to its Clients that the assets under management by ACM be held in custody with TD Ameritrade and to place transactions for Client accounts with TD Ameritrade. ACM's receipt of Additional Services does not diminish its duty to act in the best interests of its Clients, including to seek best execution of trades for Client accounts.

Item 15 Custody

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm 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. ***Our firm does not have actual or constructive custody of client accounts.***

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

Under no circumstances do we 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 reasonable likely to impair our ability to meet our contractual obligations. Advisors Capital Management, LLC has no additional financial circumstances to report. Advisors Capital Management, LLC 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

Advisors Capital Management, LLC maintains safeguards to comply with federal and state standards to guard each client's nonpublic personal information. Advisors Capital Management, LLC 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 Advisors Capital Management, LLC,
- 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 Advisors Capital Management, LLC, 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

Advisors Capital Management, LLC 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.